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# E-GP – Implementations

## A Review of Business Models and Approaches

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A study conducted for the World Bank



## 1. Overview

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E-procurement systems have become an integral component of procurement reform by governments around the world as they move to institute competitive and fully transparent procurement systems, and to address issues of corruption and transparency. This rise in demand for e-Government Procurement (e-GP) systems has created an innovative industry of technical products and business arrangements.

To support the development, implementation and operation of e-procurement systems, governments have undertaken several different business approaches, from complete in-house solutions to various types of third-party partnerships. Each implementation has its own set of benefits and business issues associated with it, which directly affect both the government and the suppliers doing business with the government.

The Bank has been conducting technical assessments of different systems around the world for government organizations wishing to use its e-procurement system for bank-funded procurement. These assessments are conducted in accordance with the Multilateral Development Bank (MDB) e-procurement guidelines, which ensure the technical integrity of the system and ensure the system supports the functionality, usability and security requirements of the Bank. While the focus of these assessments has primarily been on the technical aspects of the system applications and the technical infrastructure in which they operate, they have also shown that countries use different business arrangements for e-procurement which could affect the integrity or security of the system.

In order to better understand the business arrangements required for an effective e-procurement system and to better support governments looking at different approaches to the implementation of an e-procurement system, the World Bank undertook a study to examine the business approaches and practices used by governments around the world for the execution and operation of their e-procurement systems.

The purpose of the study is to identify the types of business arrangements used by governments; the benefits of these arrangements; how they may or may not affect the procurement process; the types of issues or perceived issues that have resulted from the business approaches applied; the contractual arrangements or policies that have been drafted to mitigate issues and ensure the integrity and security of the procurement process; and, the conditions that have been applied to ensure the long-term sustainability of the e-procurement system, as well as to protect the government and its participating vendors in the case of a failed business operation or a government opting for a different solution in the future.

The goal of this study is to continue expanding the World Bank knowledge base on e-procurement programs, approaches and solutions so that it can continue to assist organizations with the implementation and management of new and current government e-procurement initiatives.

## 2. Rationale for the Study

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With the increasing need for and growth of e-procurement solutions, more governments are undertaking e-procurement programs while others are planning for the future. The number of technical solutions and business options available is also continuing to rise and,



in some circumstances, can create significant issues for the future if proper business arrangements are not made during the initial implementation of the e-procurement system.

Organizations have also come to realize that the implementation of an e-procurement program is more than a technical project, and that the business model, approach and practices applied may have more of an affect on the success and integrity the e-GP system than the technical features of the application itself.

It is important for the Bank to continue to expand its knowledge base of e-procurement solutions in order to ensure that current and future governments can institute appropriate solutions and business practices for their e-procurement programs, whether they opt for in-house solutions or enter into relationships with service providers.

### 3. Study Description

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This study examines four common business models used to support e-procurement implementations, using four separate countries as examples of each: Shared Services (Canada); Public Private Partnership (India); Government Owned and Operated (Singapore); and, Government Managed Service (Philippines). The primary focus is on the business policies and practices surrounding these systems, and how those policies and practices affect their integrity, operation and security. The examination looks at:

- The business model applied to support the implementation and on-going operation of the e-GP system.
- The relationships between the government and its service provider, the government and its suppliers, and the service provider and suppliers, and whether or not the defined relationships present any issues to the procurement process including liabilities, penalties, privacy, security, data rights and terms of use.
- Ownership or rights to the system application, hardware and required infrastructure, including what happens in the event of a failure by the service provider to continue with service delivery of the e-procurement platform or, at the end of a stated contract period, to ensure continuity of the service.
- The terms and conditions related to the ownership and privacy of any information recorded in the system, including but not limited to user registration information, bid notices, bid queries and associated bidding documents, bid submissions by suppliers, user log data and additional information recorded by the system.
- Fees applied to the use of the system or participation in a bidding process, whether any payment information is stored in the system, who has access to that payment information, reasons for the fees (cost recovery, profitability, support), and who controls application of the fees.
- Security processes for the e-GP system, in particular any procedures associated with the bid submission process (if applicable) and how those procedures ensure the integrity of the system.
- Reporting and monitoring facilities that allow governments or independent bodies to audit the procurement process, as well as the integrity and security of the e-GP system.



The underlying objective of the study is to produce a best practice case study of the different approaches for supporting an e-GP system in order to help the MDB expand its knowledge base and to continue its support of governments in their on-going implementation and management of e-procurement programs. By doing so, the World Bank will help to ensure that e-GP programs maintain and deliver the integrity and security that is expected, and that governments around the world can properly protect their own long-term interests, as well as the interests of their suppliers, when developing and operating e-procurement programs.

#### 4. Common Business Approaches

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The implementation and on-going support of an e-Government Procurement program can reflect a significant investment by government. Unlike the manual process, which is normally managed by individual government organizations and where the associated costs typically relate to newspaper advertisements and copies of bid documents, the e-GP system represents an enhanced service operation supporting many government organizations and their vendors who become reliant on the system for timely access to information required to conduct business. Though the government can realize significant savings in advertising and bid document expenses, new costs are incurred with the development of and support of the system and its users.

A number of governments may not have access to the initial investment required to implement a system, nor may they have the necessary expertise or resources to support the development and operation of a service. Most governments that have undertaken the implementation of an e-GP system have come to realize that implementation of the system is more than just a short-term information and communication technology (ICT) project. Rather, the development of an e-GP system reflects a re-engineered business process to meet new policy objectives for a more open, efficient, effective and transparent procurement environment for government. The implementation of the e-GP system is normally associated with the institution of procurement reforms across the government, and supported by a comprehensive information management system that enables future data mining and auditing of the procurement process.

The scale and scope of the envisioned system can become a significant development project, creating different levels of risk and cost for the government to ensure its successful implementation, operation and support. Many systems require an investment of millions of dollars and the allocation of 30 to 40 technical resources to support on-going operation.

The most common approaches used by governments for the implementation of their e-procurement platforms include:

- **Shared Service** – A third-party e-procurement service that is fully managed, owned and operated by the third party and used by one or more governments and their suppliers.
- **Public Private Partnership (PPP)** – A government e-procurement solution that is managed, owned and operated by a third-party service provider, often with the intent to transfer the platform back to the government in the future.
- **Government Owned and Operated** – A government developed and operated e-procurement solution that may or may not have been delivered by third-party partners.



- **Government Managed Service** – A government managed e-procurement solution that is operated and owned by a third-party partner.

The choice of business model is associated with the amount of risk and cost a government organization is willing to undertake when implementing its e-Government Procurement program. Governments must recognize that e-procurement involves more than just the technical development and implementation of applications and infrastructure, it also involves the business services required to support on-going development activities and to build customer relationships.

The e-GP program often becomes a critical part of government service operations, supporting the procurement and delivery of goods, services and works projects required to sustain the government. The systems also contain important information for monitoring and auditing government purchases, as well as private and confidential information on participating vendors, procurement initiatives, responses to bids, and in many cases, payment information. Nevertheless, it is important to note that e-procurement systems fundamentally provide a service to support the exchange of information and therefore remain independent of the procurement process itself. A certain level of security is required in order to ensure the integrity, transparency and privacy of the e-procurement system, but the actual procurement process is protected by the procuring authority.

The involvement of third parties in the delivery and support of an e-GP program creates a variety of new business relationships between the service providers, governments and suppliers that did not exist previously with manual procurement systems. Therefore, a government needs to ensure any ensuing relationships and associated business practices are protected, and that they support the interest of the participating parties.

This study will review the experiences of four countries who have implemented their e-GP programs, each one representing one of the four common approaches.

## 5. Summary

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The reviews of the different e-GP solutions for Canada, Singapore, the Philippines and the State of Karnataka uncover a number of variations in business approach and system implementation strategies. The common principles for an e-procurement system, however, remain the same: transparency, efficiency and the establishment of a more open and competitive environment for government procurement.

Over the years, e-GP solutions have evolved to the point where the technical system can almost be viewed as a commodity, allowing any level of government to take advantage of its benefits. The real challenge lies in understanding that e-procurement is an on-going business operation that requires support throughout its entire life-cycle, from the initial re-engineering of a manual process into an electronic one, to the development of an integrated procurement environment. The key element for success of the system therefore resides with the business operation of the service and not just its technical features. The full benefit comes from increased competition due to a broader supplier base that generates more competitive pricing.

The choice of a business model to support a government's long-term planning boils down to the level of commitment and risk a government is willing to take when providing e-procurement services. Whether it decides to absorb all of the costs and risks – as in the case of a Government Owned model – or to outsource to a third party – as in the case of the other three models – will depend on several operational and business considerations.



The business model and system approach should reflect the individual needs, capacity and situation of the government.

Country Comparison	Canada	Singapore	Philippines	GoK, India
<b>Business Model</b>	3 <sup>rd</sup> party owned and operated on behalf of multiple govt orgs.	Govt owned and managed	Govt managed, 3 <sup>rd</sup> party service provider	PPP, Govt Managed in partnership with 3 <sup>rd</sup> party
<b>Funding Model</b>	Self funding thru user fees; GOC subsidizes access to federal information.  User subscription fees ~\$200/yr	Primarily funded thru transaction fees to govt dept.  Initial registration free to vendors; fees for additional accounts.	Funded by govt.  Free access to govt users and vendor community.  Plans to introduce fees in the future.	Funded through transaction fees for bid submission fees based on est. contract value (500 rupees – 7500 rupees; \$10 - \$150 USD)
<b>Basis of contract with service provider</b>	Govt licenses information to 3 <sup>rd</sup> party provider	Internal govt to govt service contract	Service contract with 3 <sup>rd</sup> for provision of system, infrastructure and support for fixed service fee.	Service contract with 3 <sup>rd</sup> party for provision of system including all supporting software and hardware supporting delivery of system, development support and support services under a revenue sharing agreement. Govt provides facilities for support and data centre.
<b>Cost to Govt.</b>	Service operated at no cost to govt; however GOC has opted to subsidize cost for access to federal opportunities	Primarily funded through inter-government service fees	Service contract is approx. P50M (\$1Million USD) per year.  Govt also operates and funds PhilGEPS support office.	Govt funds its portion of support operations with a budget of 10 Crores (\$2Million USD) plus the cost of the data centre and bandwidth cost.
<b>Cost / Time to implement</b>	18 months, approx 50 resources for development and support the migration of 20000 users. Represented 2 <sup>nd</sup> release of the system. Investment > \$5M	System has evolved since initial launch starting with a simple web portal for the advertisement of tenders. Initial time and cost were kept to a minimum.	Initial pilot was running within 6 months, current system took over 1 year to implement with a team over 30+ resources.	Initial development and implementation took over 1 year with a team of over 40 resources. Development continues.
<b>Resources supporting operations</b>	The MERX operations involve approximately 40+ resources dedicated to the service operation including a help desk.  GOC operates their own call centre for inquiries related to individual procurement and	Gebiz has a staffing of approximately 35 resources supporting the operation, management and on-going development of the system and support activities	The Govt PhilGEPS office has about 25 resources supporting the administration, support, training and product planning.  The service provider has about 20 resources allocated to the operational support,	The govt has approximately 20 resources supporting the administration and management of the service operation.  The Service Provider has about 40 resources allocated to on-going training, support,



	coordinates supplier development programs.		management and on-going development activities	management, development and deployment of the service operation.
<b>In operation since</b>	Original system launched in 1991. Current Merx system in operation since 1997	Gebiz launched in 2001	PhilGEPS pilot launched in 2001; current system in production since Aug 2006.	Eproc launched late 2007.
<b>Participating Vendors</b>	50,000+	39,000+	40,000+	2000+.
<b>Participating Govt Orgs</b>	8 provincial govts, federal govt, and 4500 other orgs.	39,000+ 5000	40,000+ 7500 national and local govt orgs	2000+ 30 govt dept.

For the Philippines and the Government of Karnataka, the choice of a third-party system had to do with mitigating the risk that would be associated with the development, management and operation of an e-procurement system. Each government, however, followed a different business relationship with its service provider.

In the Philippines, the government was looking for a technical service partner and wanted to establish a service agreement for the development and delivery of the backend system. The service provider is the technical delivery partner, providing all services required for the development and delivery of the system. The service provider has ownership of the physical application and infrastructure; however, the Philippine Government retains ownership over the market brand, PhilGEPS, the URL, all data in the system and the overall business service operation. The government retains responsibility for all users of the system, as well as users who enter into a contractual relation with the government. This approach allows the government to mitigate the risk associated with the development and operation of the system, while also mitigating some of the financial risk for the service partner who receives a monthly fee in return for use of the system environment. The Philippine government has made a significant investment over the years in the development of the PhilGEPS operation, including office space and support staff required to support the system, but in the long term it maintains control of the business operation and can opt to acquire the current platform at the end of the contract period. It may also consider an alternate solution if, in the future, new technologies and processes can provide a more effective option for servicing its customers.

Going forward, the Philippine Government plans to introduce service fees to make PhilGEPS a self-funding operation. Its first objective, however, is to integrate the system within all government organizations and suppliers in order to establish PhilGEPS as the national procurement portal. The government believes that user fees may impede adoption of the system, and is therefore waiting until there is a significant volume of procurement opportunities to demonstrate its value before instituting fees. Over the last five years, PhilGEPS has grown to over 39,000 vendors and 6,500 participating government agencies.

The Government of Karnataka (GoK) opted for a Public Private Partnership, outsourcing both the system development and operational support service of its e-procurement system to its service partner. The PPP is based on a self-funding model under which the service



partner recovers its investment and operational cost from transaction fees generated through system activity, mostly related to bid response fees. In essence, the GoK transferred the risk for both the development and operational cost to the service provider, yet retains ownership and control over the system and business operation. The e-procurement system is presented as a government-operated system and users enter into an agreement with the government, paying any required fees directly to the government. The government then pays the service provider from the fees collected and helps to subsidize part of the operational cost by hosting the system in a government data centre. The government also provides overall management for the service operation through a small management team that works directly with the service provider to deal with any operational issues that occur and to participate in the long-term planning for the system. At the end of the agreement, the Government has the right to acquire the system from the service provider and either continue to provide the service itself, or retain the service provider to supporting its on-going operation and development.

Under the PPP, the service provider assumes significantly more risk in relation to cost recovery since there are no guarantees about the volume of activity that may or may not occur on the system, and yet the revenue stream is tied to the submission of bids. The service provider therefore has a significant vested interest in helping the government to build a large supplier base in order to generate more competition in the government procurement process. The GoK e-procurement system is still in its initial stages of deployment and has only been in operation for 18 months. Currently, the system has about 2,000 contractors and is supporting 25 agencies.

In Canada, the choice of a third-party service offering had more to do with bringing together multiple independent jurisdictions into one national portal. Though each jurisdiction had the means to establish its own system, they believed an independent service provider would be better suited to support to their collective objectives than a government-run service. The overall objective was to establish transparency across the country, and to promote and support open and unrestrictive access to all government opportunities, regardless of vendor jurisdiction. To support a third-party business operation, the participating provincial governments and the federal government provided the service provider with a sole non-exclusive licence agreement for the distribution and sale of government procurement information to the supplier community, thus providing a captive user base for the information.

The service provider is responsible for all aspects of service delivery, from system development and operation to customer support and billing for services. The service provider also provides a full bid distribution service that supports delivery of not only electronic bid documents from the government, but also hardcopy bid documents. The current service also supports a virtual plan room which allows governments to post and distribute full sets of blue print specifications. The non-exclusive licence agreement for access to all government procurement information guarantees the necessary business volumes required for a service provider to establish and support a self-funding operation. The service provider owns and operates the service at no cost to the government; however, each jurisdiction retains full control and ownership over its data as per the terms of the licence agreement.

The licence approach has served Canada well as it has managed to offer an e-GP system for the past 19 years at virtually no cost to itself. The governments have also incurred significant cost savings from the reduction of newspaper advertising costs and unloading of distribution costs for hardcopy bids. Canada has tendered its e-GP service agreement three times since its inception, switching service providers once with the incumbent winning the last tender. On each occasion, Canada has received more than four





competitive bid responses to provide its e-GP system. The current MERX system provides a competitive marketplace of over 50,000 vendors accessing more than 20,000 tenders each year – a substantial increase in the number of active vendors participating in government procurement when compared to the previous manual system.

In Singapore, where the government had the in-house technical capabilities and resources to develop and maintain its own e-procurement system, a government owned and operated system made the most sense. Even though the system is owned and controlled by the government, the DSTA (the operating agency for the system) operates the service as an independent business service offering which is fully self-funded through the application of service fees. Users, both government and vendor, enter into an agreement with DSTA to use the system. Similar to the third-party service providers under the other three approaches, the DSTA provides all of the necessary technical services to support the operation and development of the system as well as help desk and management services to support users and to continue building the online marketplace. To better support its customer base, the DSTA continues to plan and develop new features and functions for the system as the product evolves. The current GeBiz system has been operational since 2001 and currently supports over 10,000 government buyers and 39,000 contractors.

## Conclusion

Each of the countries referenced in this report has been clear in the definition of its service offering, which is simply to offer a service to support the procurement process, not necessarily to govern the procurement process itself. The e-procurement systems claim no responsibility in the actual procurement process as the procurement remains the responsibility of the procuring entity, and any awards granted through the system represent a contractual relationship between the vendor and the procuring entity. The primary function of the systems is to serve as a gateway between government buyers and their vendor communities. All four services profiled in this report have established well-defined terms of use agreements to clarify their role in the procurement process and to protect themselves from potential claims or liabilities related to use of the system. At the same time, they all claim full ownership and copyright over the information presented in their systems.

Each of the countries has established proper business operations to support its respective e-GP system, with each requiring an average of 30 to 40 resources for service operations including management, customer care, operations and on-going development. Each system is set-up to run as an independent service offering supporting a broad user group, either as a country-wide system or, as in the case of the Government of Karnataka, a state-wide system. The larger the region, the better the opportunity for establishing a broad user base, which is required to ensure long-term success and sustainability. It can also be assumed that a broader implementation – either at a national or state level – will be more effective in establishing transparency, implementing procurement reform, leveraging costs, creating monitoring and reporting functions, and generating efficiencies.

The implementation of an e-procurement system can require significant investment and upfront capital cost depending on its size and scope, and the functions or customizations that may be required. Most of the systems reviewed were developed over time and have evolved as their requirements changed. Initial implementations typically take one to two years to get up and running, including the scoping of requirements, development and implementation. During this stage, consideration needs to be given to security processes and to ensuring the system can adequately support forecasted user loads and storage



requirements. The system implementation must also take into account operational procedures to protect against system failures or disasters that may occur. As the system becomes more integrated with the various processes associated with procurement, such as delivery, bid submission and payment, the more critical it will become to the government and its vendor community, requiring a higher level of service.

In addition to the technical implementation of the system itself, there is also the deployment and support of the system across the participating government agencies and their vendors to consider. Much like the advertisement of tenders in newspaper, the implementation of a new system will require significant promotion through a comprehensive communication plan. Depending on the level of integration of the e-GP system into the procurement process, there may also be a need to train and support users as they migrate to the electronic environment. In many developing countries, and some developed countries, the support and training of users can be a very significant task as targeted users may not have the technical skills or even the Internet access to make effective use of the new system.

System implementation issues need to be considered with the understanding that roughly half of the required investment will be for training, which will be necessary regardless of who owns the resulting e-GP system – especially in environments where there may be a large disparity between the technical skill sets of the target users and the infrastructure used to connect users to the system.

Whoever takes ownership for developing and maintaining the e-procurement system needs to have the capacity and resources to manage failure; for example, if the system is a year late in being delivered or projected revenue models are slow to materialize, the carrying costs for the system can be significant. The party assuming the risk must be prepared and capable of carrying those costs and accepting a delay in return on investment.

When choosing an e-procurement model, the highest risk issue facing a government is in relation to its capacity to manage and implement the software application and its underlying infrastructure. The software required to run an e-procurement system can become especially complex, leading to the possibility of evolving costs over time, delays in the delivery of the system and downtime due to unplanned system failures. The use of a third party with the necessary skills and expertise can help to alleviate the risk associated with the management and retention of resources, as well as the ever-evolving changes in technology.

Another significant problem for government is the risk management involved in extracting itself from a provider if, at a subsequent date, the relationship becomes too expensive or service levels are unsatisfactory. When a third-party developer has created the software, and has been responsible for its management, this problem can be quite severe. Regardless of any contractual arrangements, it would be impractical to assume that a new service provider could conceivably take over from its predecessor while ensuring business continuity. It would take time to gain familiarity with software coding and systems, and there would be little incentive for the outgoing provider to assist. The prospect of government procurement being offline for days or weeks, and the political and financial fallout that would ensue, would be particularly unattractive.

Regardless of the model followed for system administration, data ownership should always remain with the government. This is necessary in order to ensure the sanctity of the procurement data and the on-going operation of the system in case of significant failure by the provider. The ownership of the data is the most critical issue due to the fact



that the technology will always change and evolve, yet the data will basically stay the same. In cases where the system administration is outsourced to a service provider, sufficient security systems need to be in place to ensure that the database administrator does not have read/write/modify access to sensitive data.

Another related issue is that of the Intellectual Property Rights (IPR) of the e-GP system software. Since e-GP implementations can be supported by Customized Off-the-Shelf (COTS) packages, it may not be possible for a government to actually claim ownership of the IPR for its entire solution. In such cases, the IPR for any software product or solution held by the service provider, as on the date of agreement with the government, would continue to vest with the service provider. However, the IPR for the processes, software, applications and components developed specifically for the project, would remain vested with the government. In cases where custom development of the e-GP system is undertaken, the IPR of the custom-developed software remains with the government.

In the case of custom development, governments maintain complete ownership of the source code for the e-GP system software. In PPP models, there should be a provision to keep the source code in an escrow account to mitigate the risk of a service provider being liquidated. This ensures business continuity to the government when adopting a new PPP model. The onus of maintaining the same version of source code in the escrow account as that of the code running in the application rests with the vendor. It will be up to the government to put third-party mechanisms in place to oversee this process.

Typically, government contracts for the implementation and on-going support of an e-procurement system range from five to seven years in length. While this may seem like a long period, the reality is that by the time the system is up and running smoothly, it will most likely be time to re-tender. It's therefore crucial that governments entering into third-party agreements for the operation of their procurement system consider this upfront. The original contract should contain a well-documented transition plan to ensure the government will have the option to acquire the system and software at the end of the contract, as well as to extend the service portion of the contract or facilitate a contract renewal to minimize the expense of a full procurement process. If the plan is to re-tender the e-procurement system, the tendering process needs to start almost as soon as the first contract is signed in order to ensure that there will be adequate time to plan and conduct the bidding process, as well as to give the incumbent time to put a new system in place before the contract expires. Canada learned this firsthand when transitioning from OBS to MERX. When tendering a third time, the Canadian government took those transition costs and challenges into account.

One of the most important contractual considerations is ownership of the URL supporting the e-procurement system. By owning the URL, a government relieves itself of the burden of transitioning to a new one in the event that it changes third-party providers. As long as users maintain the same user ID and log-on procedure, they will continue to use the service even if changes are made behind the scenes.

It should also be noted that the true value that a government receives from e-procurement is in the size of its on-line marketplace. Building that user base doesn't happen overnight. It requires a lot of effort in the promotion, marketing and delivery of an e-procurement system that encourages vendors to participate.



## 6. CANADA: A Shared Services Approach

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Canada is an example of a third-party e-procurement service that is fully managed, owned and operated by a third party, and used by one or more governments and their suppliers. The federal government manages the relationship with the third-party service provider responsible for the system, while each provincial jurisdiction has the flexibility to run additional services, or to build onto the main licensing agreement.

The choice of a shared service using a third-party provider originated in Canada's vision of establishing a national government procurement portal for federal, provincial and local governments.

Canada operates with a federal government accompanied by independent provincial and territorial governments, each of which has its own legislations and regulations governing procurement. All levels of government work together through an Internal Trade Secretariat to promote and co-ordinate procurement rules and to trade between their respective jurisdictions. Due to the differing natures of the organizations, the respective governments decided that individual procurement interests would be better served using an independent party capable of addressing the needs of each organization versus a platform developed and managed by one of the government entities.

The different levels of Canadian government recognized that the implementation of a system was not a technical issue as much as it was a business issue. Each government had the resources to undertake the implementation of its own system, but collectively they also recognized the need for a common portal to ensure the most benefit for the participating parties – both governments and the vendor community – and to provide transparency across all jurisdictions.

The two main considerations for the implementation of a national procurement portal were: how to fund such an undertaking; and, how to address and support the various interests of multiple government organizations participating in one service. The choice at the time was to establish a self-funding system at no cost to the participating governments.

The Government of Canada (GoC) initiated the implementation of the first service in 1991 with the development of the Open Bidding Service. This initial foray into e-tendering was one of the first introductions of a user-pay system for access to government opportunities. Though there were some early complaints from some groups and vendors, the value-added proposition offered by the electronic service offering more than compensated users for any costs incurred.

The selection of a service provider was completed through an open competitive tender process by which the government issued draft Request for Proposal (RFP) documents to solicit feedback on the approach that should be taken to deliver its e-procurement program. This gave the industry time to develop business strategies and relationships to support the delivery of the service. The primary evaluation criteria was to ensure the successful organization had the technical and financial capacity, experience and know-how to support a customer-driven and funded service offering, at the best value to end-users paying for the service and at no cost to the government.

The success of the initial service offering paved the way for participation by the other provincial jurisdictions. The initial service provider had a five-year contract with options for annual extensions. At the end of the initial contract period, the participating governments formed a joint committee to conduct the procurement for the next incarnation of the e-



tendering program that would be a joint initiative by all jurisdictions in Canada. The second program led to the development and implementation of the current MERX service in 1997. The contract for the government procurement was tendered again in 2004. The latest contract was won by the incumbent service provider, although the participating governments did receive a number of very competitive bids for the delivery of the current service offering.

Many of the larger participating governments also run their own internal procurement management systems using either common ERP systems such as SAP, Peoplesoft or Oracle, or their own internal systems to support internal workflows, approvals and controls on their respective procurement processes. These organizations manage their procurement internally and exchange data with the MERX service provider in order to post opportunities and bid documents to the vendor community. The federal government also manages additional e-procurement services for small dollar contracts (less than \$25,000) and operates a Contracts Canada website for the purpose of providing general information about conducting business with Canada, including links to the MERX system for federal opportunities.

The shared service approach adopted by Canada has allowed it to participate in electronic procurement for the past 19 years, at essentially no cost or investment required for system development or implementation.

(a) System Overview

Today, MERX operates as Canada's national e-tendering portal supporting the federal government, eight provincial jurisdictions, thousands of cities, universities, hospitals, and over 50,000 vendors. The third-party service provider responsible for delivering MERX is Mediagrif Interactive Technologies Inc., which has been operating since 1997 at [www.merx.com](http://www.merx.com). Through MERX, roughly 4,500 registered government agencies process an average of 20,000 to 25,000 opportunities each year. On average, 600 users visit the site each hour.



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 E-tendering suite for private sector organizations & Crown corporations.  
[Learn More](#)

**Private Construction**  
 Access Canadian private sector

MERX is a fully Internet-based application that allows both government buyers and their suppliers to conduct all activity over the Internet. It provides governments with a full tender management system that allows them to create, publish and update procurement opportunities, as well as publish notices following the awarding of a contract. MERX provides governments with a full audit trail of all activity on a given opportunity, including the history of the notice and any associated documents, the recording of all documents delivered to suppliers, and any subsequent amendments issued by the government buyer for the opportunity. The system also provides a series of activity reports so that governments can monitor their own activity as well as the cross-jurisdictional trade occurring within the system.

To ensure the MERX system is open to as many suppliers as possible, they are able to register online with minimal information requirements. Suppliers can also establish a bid match profile that enables them to be automatically notified of any new opportunity matching their profile. Suppliers can download bid documents and respond electronically when the electronic submission option is enabled by the buyer.

MERX also includes a number of special interfaces that support information exchange between internal government systems used for the creation and management of a procurement request, including management systems or enterprise resource planning (ERP) systems. In such cases, MERX serves as the communication medium between the supplier community and the government organization when opportunities become active, while individual government buyers use their own internal systems to update and publish any new information as opposed to using the available MERX web interfaces.

In addition to the online system, MERX also provides governments with a bid distribution centre to print and distribute physical copies of tender documents when requested by



suppliers. Bid documents can be sent by courier, fax or e-mail, or a supplier may pick up bid packages at the bid distribution centre. The bid distribution centre also provides quality assurance services to ensure all bid documents are associated with the correct notice before the notice is published. This serves to minimize any errors with the information published in the system.

The bid receiving system in MERX is available to assist participating governments in recording the receipt of bids submitted by suppliers. It prints time-stamped receipts to recognize the receipt of a bid and synchronizes with the main MERX system to incorporate the bid receipt information with the bid distribution list.

MERX also includes a virtual plan room to provide online access to the full set of plans for civil works projects. Users can browse the individual drawings, requesting only those that they require to respond to a given request.

Each participating government enters into its own individual service agreement with MERX and elects to use the features and functions it requires or wishes to apply in their procurement process. For most participating government organizations, the applied features of MERX relate to electronic tendering which supports the advertising and distribution of bid documents. At the present time, most participating governments do not accept electronic bid submissions through the MERX service. The government tend to request a manual submission to be presented to the designated bid submission location as most of the government procurement policies and associated rules and regulations relating to the acceptance of electronic bid submissions and the recognition of electronic signatures are not in place at this time.

MERX is also open to private sector buyers to advertise and distribute documents and includes sections for private construction and private opportunities for goods and services. Accesses to private opportunities require additional subscriptions for participating suppliers. Many private sector buyers take advantage of the MERX electronic bid submission functions and fully encourage participating suppliers to respond electronically.

#### (b) Business Model

The MERX service operates under a licensing agreement whereby the federal and provincial governments grant MERX a sole non-exclusive licence to publish and redistribute government procurement information, establishing MERX as the central government procurement portal. To ensure use of the MERX service, most participating government organizations require suppliers to be registered users of MERX and to acquire any associated bid documents from MERX. Suppliers who are not included in a MERX document distribution list for a given opportunity may be deemed as non-compliant by the government.

In return for the sole non-exclusive licence to government procurement information, MERX provides all of the necessary hardware, software, network infrastructure, bandwidth, and secure facilities for both a production and backup operation. It also supplies customer support services, account management, and bid distribution facilities for both electronic and non-electronic distribution, including on-demand printing of bid documents or blueprints, courier services and order management facilities to track the distribution of items requested from the service. All of this is provided at essentially no cost to the participating governments. The only costs incurred by a government would be for special requested services such as hardcopy versions of documents or to subsidize the cost of any items to end-users.



Though the main business model for the service is still based on a user-pay program, the service agreement contains options for participating jurisdictions to subsidize the cost of the service so that the information is available at no cost to the supplier community. The federal government has since elected to subsidize the cost for delivery of the electronic version of its information on the system.

The Government of Canada serves as the primary contract manager of the MERX service and as such, establishes the general framework for the governing licence agreement used by each jurisdiction. Each jurisdiction has the option to negotiate separate agreements to support any individual requirements they may have; however, all agreements have the same term arrangements, allowing them to terminate at the same time should there be any change in service providers at the end of the contract term.

The individual governments also retain the rights to publish and distribute their own information on their own websites, which most organizations have, and they may also issue a licence to another third party if they desire to include information on another site.

For the majority of participating jurisdictions, MERX serves as the official site for procurement information. Even those jurisdictions which have set up their own procurement portals will advertise on the MERX service in order to reach a wider supplier marketplace and generate a more competitive response.

MERX also supports Canada's commitment under international trade agreements with respect to the North America Free Trade Agreement (NAFTA), the World Trade Organization (WTO) and others, whereby MERX represents Canada's official publication of tender notices and each tender will identify whether it falls under a specific trade agreement and is opened to international bidders.

At the end of the contract, the licence agreement may be revoked and all government information must be returned to the government. This would also include any information collected by the third party in relation to the delivery of the government information, such as transaction log records that may have been recorded and subscriber information pertaining to vendors accessing the government information, but would not include any billing or account information applying to charges incurred by users. The third party would retain rights to keep and use any information collected in the system such as subscriber information and transaction logs, excluding data collected from a subscriber specifically relating to a transaction with the government such as requesting bid documents or, if applicable, the submission of a bid response.

### Funding Model

MERX was originally established as a self-funding service operation with no cost to participating governments. All funding was to be generated through the application of user fees for subscription services, bid matching services, bid documents fees, and fees for the automatic delivery of any amendments. Suppliers had the option of fees for one time use or annual subscriptions of about \$200 CDN per year. The current subscription pricing is included in Annex 1 – Canada – MERX Pricing.

Fees associated with access to government information and associated documents are governed by the terms of the licence agreement entered into between the participating government organization and MERX, and are set for the term of the agreement. One of the key criteria for selecting a service provider was based on the proposed pricing models and which model offered the best value to the supplier committee in terms of cost and value added services.





Changes to fees, though possible, require approval of the participating government organizations in relation to how a proposed change would affect the information they distribute through the service. The government also retains the right to audit all operational costs in order to validate changes to the fee structures. The government wants to ensure that a service provider makes a reasonable return on investment as a way to ensure the ongoing viability and sustainability of a service-level operation. It also aims to ensure all users are receiving full value for the services offered.

MERX has introduced a number of value added services for suppliers over the years including access to U.S. Tenders, Private Tenders and Private Construction. Suppliers can use MERX for their own procurement in order to benefit from the large marketplace currently servicing the governments.

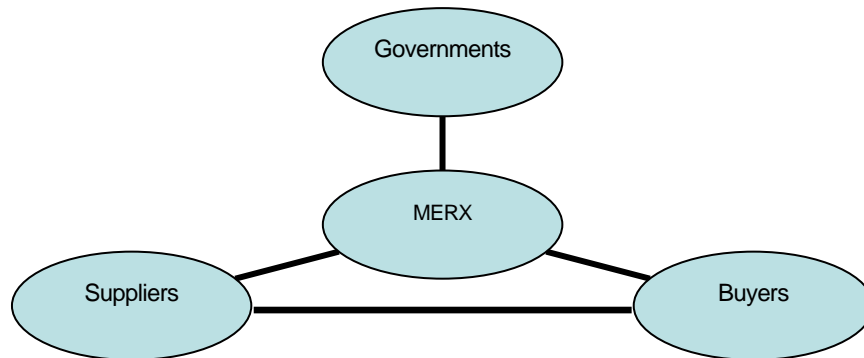
A few years ago, the federal government elected to accept an option to subsidize the cost of the MERX service so that access to federal government opportunities and the electronic versions of associated bid documents would be free of charge. This change was a political decision by the federal government and MERX is now paid an annual service fee by the government to support the service delivery of federal government information. Provincial jurisdictions still operate on a user-pay system for access to their opportunities.

All revenues generated by MERX remain with the service provider. The government license agreement does not have any requirements for revenue sharing regardless of how big the subscriber base may become. The government felt that any revenue sharing they may require would only increase the cost for the participating suppliers and the overall objective is to keep service fees to the supplier community to a minimum which is one of the reasons the Government of Canada elected to subsidize the cost for accessing federal government information.

(c) Business Relationships

The use of MERX in Canada creates different business relationships between the participating parties.

The primary business relationships are between MERX and the federal government, and MERX and the participating provincial governments which govern the use of the system by organizations within their jurisdictions through a licensing agreement with MERX to re-distribute and sell government procurement information.



Though each government will have an overriding licence agreement, the individual buyer organizations, such as specific departments, the Crown Corporation, a city or other public organization, will enter into an agreement with MERX through the acceptance of terms of use agreements initiated when they register with the service. The terms of use set forth the individual organization's roles and responsibility pertaining to their use of the service, and clarify MERX's responsibility for delivery of the service.

Participating suppliers enter into an agreement with the MERX service provider to access and use the system, and to pay for any costs incurred from their use of the system. The end-user is fully responsible for all costs incurred on the system and must provide valid credit card information at the time of registration in order to access the service. During registration, each supplier must accept the terms of use of the system before proceeding with the registration. The terms of use are deemed legally binding upon online acceptance and use of the service. The terms of use define MERX's role in the delivery of the service and set forth that MERX will not be liable for any cost or losses that may be incurred by a supplier when using the MERX service, and that the supplier shall indemnify MERX from any action brought forth to a supplier.

The use of MERX does not, in and of itself, establish a contractual relationship between a supplier and a government buying organization. A contractual relationship is established when the supplier responds to and wins a procurement opportunity that was published on MERX. MERX has no involvement in this process; the system is only used to publish award information. Liabilities and indemnification clauses contained in the Terms and Conditions for the use of MERX essentially absolve the service provider from any liability that may occur as a result of their use of the system.

However, MERX does have policies in place in relation to claims against user fees incurred in error. Most fees are low value. Therefore, it is considered easier to simply credit the transaction. When fees are incurred by users in the case of cancelled bids by the government, any refunds would be at the expense of the organization that cancelled the bid.

#### (d) Operation

In Canada, the MERX service provider is fully responsible for the development and implementation of the MERX platform, as well as the on-going operation and maintenance of the system and facilities. However, no changes may be made to the MERX service without prior approval by the federal government. The government and the MERX management team meet on a regular basis to discuss the application and plan any changes. Changes to the system that affect the federal or other governments, must be reviewed, approved and accepted by the government before being migrated to the production environment.

MERX maintains the right and ability to develop and offer other service offerings to users that do not affect government service delivery. Over the years, MERX has been expanded to include private tenders, U.S. tenders, as well as white label services for other organizations and governments. MERX provided the backend service offering for the initial pilot system for the Government of the Philippines, before the Philippine government undertook its own initiative to develop a system.

In Canada, the third party operates the service under a service level agreement (SLA) which requires a 99 percent up-time over a 30-day period. In the event that service is not maintained, the main penalty that the government could apply would be the issuance of a



licence to another provider to create a secondary service environment. Due to the nature of the licence agreement, the participating governments have a variety of options for the continuation of their e-procurement programs including developing their own system or providing the information to a secondary source.

In addition to the online service offering, MERX also operates a bid distribution centre which conducts quality assurance on all bid documents to be distributed through the service to ensure the correct documents are associated with the correct bid notice before the notice is published and provides print on demand services to distribute physical copies of documents requested by users. Though the majority of bid documents are submitted electronically, government buyers may also submit original bid documents in a hardcopy form to the distribution centre where the documents will be digitized and made available for download or print distribution. All document distribution is performed within hours of a document request and shipped for next day delivery to any city in Canada. The MERX system also supports a virtual plan room that allows government to upload a complete set of blue prints for a project and allows contractors to preview the specifications online and download or request a print copy of only the specifications they require versus the full set of plans.

The bid distribution function of MERX provides the Government of Canada with one of its biggest savings when compared to manual procurement practices, which used to involve sending out physical copies of bid documents to multiple vendors interested in participating in a particular bid. In the initial years of operation, the federal government realized annual savings of \$6 million in photocopying and shipping charges as these fees were passed onto interested suppliers.

MERX is responsible for any increase in operating cost without receiving compensation from the government. If a cost adjustment is proposed to cover such an increase, the government retains the right to a cost audit under which the service provider would be required to validate the cost before any increase would be allowed. Adjusting prices within the current agreement would prove challenging as there are a number of participating governments in the system who may each be affected by any price adjustment.

MERX and the individual government jurisdictions work together in the marketing and promotion of the MERX service, as all parties have much to gain from a broader supplier base. For the service provider, a larger supplier base provides additional revenue growth and for the governments, a larger supplier base provides for a more competitive procurement process that creates the best value to government.

MERX currently supports an active supplier base of over 50,000 suppliers and more than 15,000 government buyers from over 5,000 government and private buying organizations. At present, the MERX service is supported five web servers serving over a 1,000 concurrent users during peak business hours.

#### (i) Bid Response

Though the feature is not currently used by the Government of Canada, MERX does support the electronic submission of bid documents. The choice to accept electronic submissions is at the option of the originating buyer who may select electronic submissions as mandatory, optional or manual submission only. If optional, the vendor would have the option to respond electronically or manually.

To support electronic submissions, the buying organization creates a list of items the supplier must provide to complete bid response as part of the original notice creation



process. Any forms to be completed, including response formats and special files types, should be included with the associated bid documents for the given opportunity.

The supplier would then download the bid documents from MERX, complete its response offline, and upload a completed response for each of the required items. When a supplier has included an attachment for each of the required items in the defined list it is able to submit a completed response to the buying organization. The system will not prevent a supplier from submitting an incomplete response, but will inform the supplier of any missing components before proceeding with the submission. The MERX service only serves as a delivery service for a user's response. The system does not collect or disseminate any information from the response as the details of the response are contained in the attached files. All files uploaded as part of the response are left in their original format and MERX does not check for any file type or format. Files will be delivered as-is to the buying organization once the bids are opened. Any document format requirements would therefore need to be specified by the buying organizations in their bid documents.

Suppliers wishing to respond through the electronic submission process need to acquire a Digital Signature PIN from MERX by providing a notice that identifies the individual authorized to conduct business and sign contracts on their behalf. The designated individuals are assigned a Digital Signature PIN that will be used to sign and encrypt their information on the system. The notice may be submitted electronically, and will be attached to the supplier's profile and shared with the buying organization. Once authorized to conduct business, MERX will provide the identified individual with a Digital Signature PIN. The individual does not need to be the registered user for the supplier in the MERX system, but he or she will be required to enter the PIN during a submission process in order to sign and approve their submission.

MERX manages its own certification authority within the system environment for the creation and assigning of Digital Signature PINs for both suppliers submitting responses and buying organizations accepting responses. There is no need for any outside Digital Key from a third-party certification authority.

While a bid response is in a pending/draft state, ownership and control of the response remains with the supplier. All bid response information stored on the system is encrypted to the supplier organization to ensure there is no unauthorized access to the information. Once a bid response is submitted, ownership and control of the documents is transferred to the designated buying organization.

Bid responses are submitted to an electronic bid box which can not be accessed until after the specified closing date and time in the originating bid notices. All submissions are encrypted to the buying organization's key and can only be opened by the designated user after the designated closing time.

The submission of a bid response must be completed by the designated closing time or the response will be flagged as a late submission. Typically, the system will not allow a supplier to initiate the submission of a response after the designated closing time, but suppliers do have the ability to withdraw a bid prior to the closing time. A withdrawn bid would be returned to the pending/draft state where the supplier may apply changes as necessary before resubmitting the bid response prior to the designated closing time.

However, the buying organization can set controls handling the submission of electronic responses such as whether late bids will be accepted or not. If late bids are not accepted, a supplier will not be able to submit a bid after the designated closing time specified in the



tender notice. If late bids will be accepted, the submit option will remain active and the system will indicate through time stamps if the submission was late. Acceptance of late bids is solely at the discretion of the buying organization.

As part of the bid response process, the buyer may elect to include an individual letter of intent or non-disclosure agreement that suppliers would need to agree to prior to accessing bid documents and participating in the bidding process.

The system automatically tracks supplier activity for each individual tender opportunity. The buyer is able to view which suppliers have ordered and paid for bid packages (if payment was required); the method of delivery; which suppliers opted to receive automatic notification of amendments; which suppliers received the amendments; which suppliers initiated a draft electronic response; and, which suppliers submitted an electronic response. If manual submission was an option, it is the responsibility of the buying organization to record the bids submitted by suppliers and to update the bidder's list prior to a contract award. Tracking information is available to the buying organization so that it can monitor the activity on individual tenders. The tracking report also provides an audit trail for the opportunity.

MERX will only store submitted bids on the system for 30 days after the bid opening by the buying organization, after which the bids are to be removed from the system and a backup copy of the electronic submissions will be provided to the buying organization. The buying organization is responsible for any long term storage of bid response that may have been received electronically through the system along with any manual responses that may have received in accordance to their individual policies and legal requirements. The buying organization is also responsible for updating MERX tracking information to record any manual submissions and for posting any resulting award information.

## (ii) Security

MERX is hosted and managed from a secure data centre with controlled access procedures that limit any authorized physical access to the facilities. The data centre is separate from the MERX operation office which also has established security processes limiting any unauthorized access to the facilities.

The system has implemented industry-standard security controls to limit any unauthorized access to the system with appropriate firewalls and other security measures.

Access to the system is primary controlled through the user ID/password pair assigned to each user and the use of Secure Socket Layer (SSL) to ensure the secure transmission of information from the user to the host system. Users participating in electronic bid submissions are also provided with a digital key referred as their authorize signer PIN which is associated with their user profile and enables them to sign, accept and encrypt data. The assignment of digital keys is managed within the MERX environment and is only applicable within the MERX application. The individual users are responsible for the protection and security of their user ID and password, and the use of their signer PIN.

Within the MERX database, all payment information is stored separately in a different application server and database environment behind another level of security to ensure the security of the payment information. MERX has followed the same security criteria governing access to the financial payment gateways that support the automatic payment process within the system environment.



Part of the normal service operation includes regular security audits throughout the contract period to ensure the security and integrity of the system and the operational environment.

## 7. India: Public Private Partnership

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Over the last number of years, India has seen a number of e-procurement initiatives implemented across its country as national agencies, state governments, cities and state agencies institute procurement reforms, and take advantage of technology options to establish more transparent and effective procurement programs. The number of different e-procurement initiatives has led to several different technical solutions and business models to support the solutions, from government owned and operated systems, and the use of shared service exchanges, to Public Private Partnerships (PPPs). For many institutions, the PPP model presents the most viable option to manage the risk associated with the development and implementation of an e-GP system and the on-going operation of the service.

Such is the case in India for the Government of Karnataka (GoK). The Government of Karnataka instituted a state wide e-government procurement initiative with the passing of the Karnataka Transparency in Public Procurement Act (KTPPA) in 1999. Under the direction of the act, which was amended in 2001 and again in 2003, all state agencies shall process their procurement activity through the stated sanctioned e-procurement system (e-proc) in accordance to the implementation schedule set forth for integrating the various state agencies.

The implementation of the system is being conducted by the Centre for e-Governance which holds overall responsibility for the implementation, operation and management of the system. The Centre for e-Governance conducted a competitive bidding process to select a technical partner to design, build and operate the e-proc system under a Public Private Partnership arrangement. The selected partner was HP Sales India. Though the physical system is hosted in a GoK data centre and the GoK is responsible for security and network infrastructure, HP maintains responsibility for the on-going support, development, operation and maintenance of the system, as well as the provisioning of help desk services and training, and reports directly to the Centre for e-Governance.

The initial development and implementation of the system took about 18 months and the e-proc system has been in operation since in November 2007.

Six key procuring agencies, including the Public Works Department (PWD), participated in the initial launch and pilot period of the e-proc system. During that period, participating agencies were required to use the system to conduct all bidding for 50 Lakhs (\$5 Million Dollars) and above. Now that the system has been operating for over one year, and the platform has become fairly robust and stable, the government will proceed with the integration of the remaining state agencies onto the system and will begin to lower the base value for procurement for selected agencies to 10 Lakhs (\$1 Million Dollars) and above. The KSHIP-II project has also requested to use the e-proc system for procurement under World Bank funding.

The primary focus of the e-procurement initiative was to instil transparency in government procurement and to standardize the procurement process within the state in order to institute a more fair, open and competitive environment for government procurement through one central state portal.



The GoK wanted the e-proc system to address concerns arising from the previous manual procurement process with respect to potential collusion – or bid rigging – whereby, on occasion, contractors would be prevented from picking bid packages or submitting bids, or could be influenced if they were known to be participating in a bid. The electronic system is intended to help GoK deal with many of these concerns by ensuring all interested contractors have access to bid packages with complete anonymity and may submit a response without any threat of interference.

The system provides open and equal access to all opportunities in an environment that is technologically neutral and applies standards to ensure interoperability and security. The system provides complete audit trails of the procurement process and ensures each step receives the required approvals within the tendering organization.

Since the initial pilot launch, 25 state agencies have been integrated onto the system, which has roughly 2,000 registered contractors/vendors and just over 1,000 government users. Over 1,200 tenders have been processed. The Centre for e-Governance and its service provider, HP, have trained and set-up each of the participating agencies in the system. HP has also worked closely with each of the participating agencies to ensure the system supports their individual requirements with respect to internal workflows, standard bidding documents and practices.

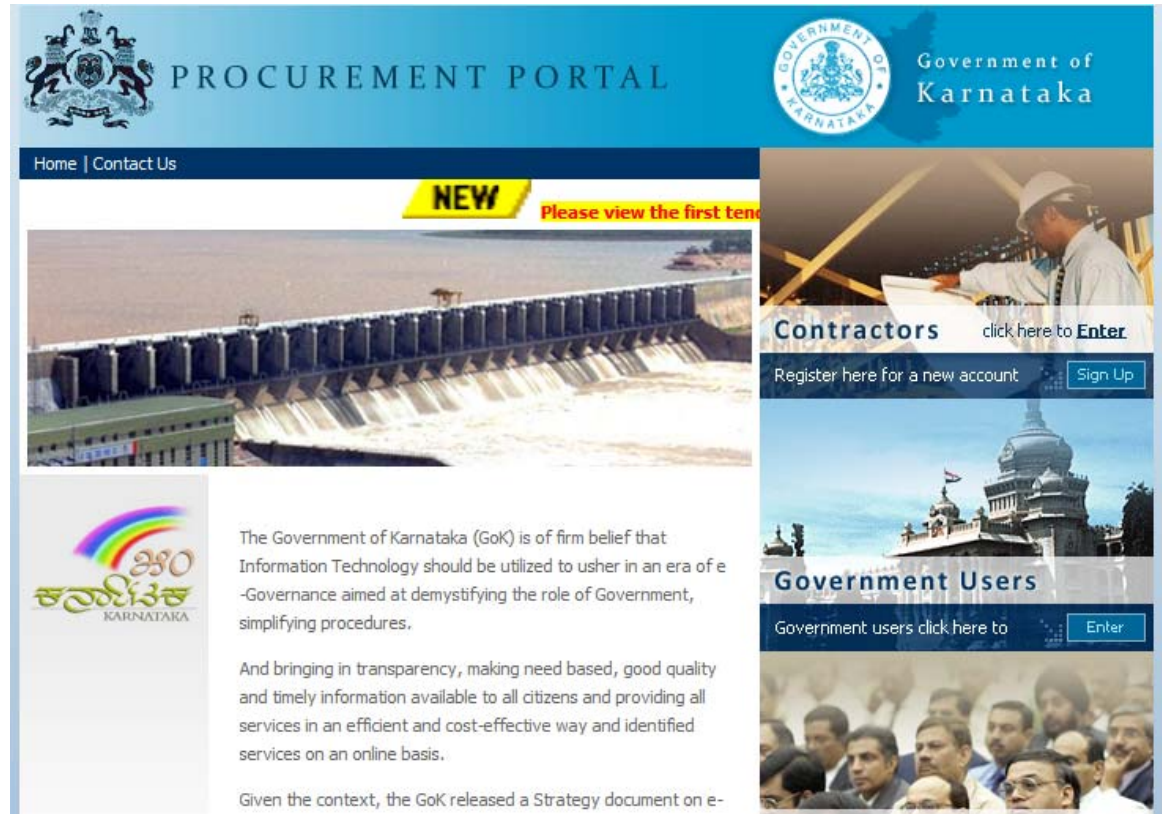
#### (a) System Overview

The e-proc system provides the state government with a complete e-procurement system to help support the procurement process from its initial inception at the estimate stage, through to contract management and e-payment. The base system consists of six main modules to support the entire procurement process. Those modules are:

- Indent Management
- E-Tendering (Estimated Contract Value (ECV) and non-ECV)
- Supplier Registration
- Contract Management
- E-Auctions
- Catalogue Based Procurement

The entire system is secured through PKI-enabled security in accordance with the IT 2000 Act of the Government of India for supporting electronic transactions.





The system includes well-defined workflow processes to manage the initial creation of estimates in the Indent Management Process and the assigned roles for approving a request. This ensures that an Indent does not move to a tendering process without first receiving all necessary approvals. The Indent process for Works includes well-structured estimate generation from standard schedule of rates tables to fully support the creation of specification and base rates for each item required for a project, based on the location of the project. The content included in the system provides for a more complete set of standard bidding specifications and documents for Works projects, and will greatly improve the efficiencies within the department for creating and approving the initial indents and tenders.

The workflow will send the detailed estimate for administrative, followed by technical, sanctions. It includes Approve, Reject and Send Back for Clarification processes at each approval stage. Any request for clarifications or changes would return to the originator of the Indent or Tendering request, and then flow through the approval process again to ensure all designated users/authorities approve the final estimate or bidding documents that will be released in the system. Users are then automatically notified by the system regarding any pending action to be performed pertaining to those changes.

The initial system implementation focused primarily on the Indent Management, E-Tendering, e-Payment and Supplier Registration modules, and the additional modules for Contract Management, Catalogue Procurement and e-Auctions are currently being implemented and tested with some of the participating agencies. The additional modules will be released to all agencies once testing is complete.

The system provides all of the basic functionality required for advertising, registration, e-payment, authentication, e-bid submission and other processes associated with the management of an e-procurement system. As an Internet-based system, it is accessible





through any standard web browser and will serve as the central government procurement portal for the Government of Karnataka. The overriding goal is to instil transparency in the government procurement process. As such, all procurement information is made available to any interested party through the portal without having to register in the portal. Only vendors participating in a tender must be registered in the system.

(b) Business Model

India's e-Government Procurement system is an example of a Public Private Partnership (PPP). Through an open competitive bidding process, the Government awarded a five-year contract to (HP) Sales India, establishing HP as its third-party partner responsible for the development, operation, deployment, training and support of the e-procurement system. The Government of Karnataka's Centre for e-Governance supplies administrative support staff to oversee and manage the third-party contract with HP and to reconcile all payments for EMD and other transactions fees processed through the system. The bulk of the resources required to build and support the system however are provided through HP.

The two primary considerations leading to India's choice of a PPP model were limited technical resources and managing the risk associated with the implementation of a broad base service across the state. The private sector would be in a better position to supply and manage the technical expertise required to establish and operate an e-procurement system. The private sector would also be willing to undertake the risk required to finance the initial implementation and setup. A PPP model works well because it addresses both limitations; the third party supplies the technical and financial resources to build and operate the system, and in return for assuming the financial risk, is entitled to the revenue generated by the system.

Under the Government of Karnataka model, GoK retains overall control of the procurement system by providing network infrastructure, bandwidth and secure data centre facilities to support the on-going operation of the system, while its third-party partner facilitates the process by providing the necessary technical infrastructure, complete with application software, servers, networks, security and payment gateways to support the system operation.

HP will recover its initial investment and monthly operating cost through transaction fees applied to user registration and 95% of bid submissions over the term of the contract. At the end of the contract, the Centre for e-Governance has an option to acquire the system including the source code for the application. All fees are collected by the Centre for e-Governance who in turn pays HP from the fees collected. The government share of the bid submission fees goes to support some of the operational cost of the Centre for e-Governance. The Gok invest about 10 Crores (\$2 million USD) per annum to support their share of the operations for the system and the business development initiatives to support the transition of government departments to the electronic system.

Funding Model

The main source of revenue for India's e-procurement system is generated through bid submission fees paid by vendors, ranging from a minimum of 500 rupees (US\$10) to a maximum of 7,500 rupees (US\$150). In addition, a nominal subscription fee of 500 rupees and an annual renewal fee of 100 rupees is charged

HP put forth the initial investment required to build and implement the system, and aims to recover that investment as well as generate income through on-going operation of the



portal. The inherent risk in a PPP model for e-procurement is the lack of guaranteed payback. If the projected volume of transactions is not achieved, HP and the Government of Karnataka will need to work together to ensure on-going delivery of the service. The GoK helps alleviate some of the cost associated with the operation of the system by providing the network infrastructure, bandwidth and secure data centre facilities for the eproc system. Provisioning of the data centre helps the government maintain a level of security and control over the system as HP can not access the physical system without government permission.

(c) Business Relationships

There are three main relationships involved in India's PPP model for e-procurement:

- The Government of Karnataka and HP
- The Government of Karnataka and Suppliers
- Suppliers and Government Agencies

The relationship between HP and the Government, although crucial to service delivery, remains hidden in the background. HP owns the applications, as well as the system and database design, while the government maintains ownership of all content. HP is also responsible for scaling the service as required, and must meet a high level of service. However, as specified in the terms and conditions for use of the e-procurement system, HP cannot be held liable for any issues or problems related to the bidding process itself.

The relationship between the Government of Karnataka and the vendor community is for the purpose of collecting fees and disseminating information. Once a contract is awarded, the government agency deals directly with the vendor and all transactions are carried out directly between the two parties involved. In order to protect the integrity of the service, the Government requires users to provide proof at the time of registration (typically in the form of Power of Attorney) that they are in fact authorized to conduct business on behalf of the organization they represent.

(d) Operation

Though the physical system is hosted in a GoK data centre and the GoK is responsible for security and network infrastructure, HP maintains responsibility for the on-going support, development, operation and maintenance of the system, as well as the provisioning of help desk services and training, and reports directly to the Centre for e-Governance.

The Centre for e-Governance retains overall management control for the system planning and system support services. The Centre of e-Governance office has a small management team working side by side with HP consultants who provide the majority of the technical and operational resources, including help desk and training support. There are approximately 40 combined resources involved in the continual development and management of the system.

On-going monitoring of the system is HP's responsibility and HP is therefore in charge of scaling the service as required to meet user demands. Anticipated user volumes were clearly set out in the original contract and the system has been fully tested to support the planned level of activity.



(i) Bid Response

All responses for the tenders processed on the e-proc system must be submitted electronically through the system. Only registered bidders may respond to a tender and each bidder must pay a bid submission fee ranging from 500 rupees (US\$10) to 7,500 rupees (US\$150), depending on the value of the ECV and the Earnest Money Deposit (EMD) / Bid Security associated with the tender.

The e-proc system presents bidders with a list of forms to be completed and files to be included in a response. All mandatory items in the list must be completed before a completed response may be submitted. The system will display the status of a response, providing users with a visual indicator of any outstanding items that must be completed.

The bid response remains in a draft state until a bid response is submitted to the designated Tender Authority. Users can edit and change the content of their responses while they are in the draft state. Once they submit and digitally sign their bid response, the bid is encrypted to the designated Tender Authority and stored in a locked state until the designated bid opening time (as specified by the Tender Authority during the initial tender creation.) Only the designated bid opening Tender Authority may open submitted bids, and only after specified bid opening time.

Bidders are responsible for ensuring that any file uploaded as part of their response is virus-free. The e-proc system does not scan for viruses; however, it does store the documents in segments in the system to guard against a virus being propagated within the e-proc application. Files are reassembled when they are downloaded by the designated Tender Authority.

The e-proc system allows bidders to withdraw bids prior to the defined closing time. Once withdrawn, a bid reverts back to the draft state where bidders are able to make modifications before resubmitting the bid any time prior to the stated closing time as defined in the tender notice.

It should be noted that when a bid is submitted, the commercial bid is encrypted with the digital key of the designated Tender Authority authorized to open the bid documents. Therefore, when a bid is withdrawn, the encrypted information cannot be displayed to the bidder and bid forms such as the commercial bid remain blank. Bidders would then need to re-enter the content of the form in order to resubmit the bid.

Bidders may withdraw and resubmit their bids any number of times before the deadline of the bid submission. However, their final submission must be made before the bid submission deadline. Failure to re-submit a bid prior to the bid submission deadline will result in a no-bid response.

The EMD must be paid prior to the bid closing time. A bid cannot be submitted unless the EMD has been paid. Bidders can pay the EMD using the e-payment functions provided by e-proc, which supports real-time credit card and debit card payments, or with an electronic fund transfer or over-the-counter payment at an e-proc designated bank branch. As over-the-counter payments may take up to two days to process through the banking system, bid openings are normally set for two days after closing time. This provides sufficient time for payments made just prior to the closing to be received and validated by the e-proc system.

Late bids are not permitted through the e-proc system. All bids must be completed and received through the system prior to the designated closing time as defined in the Tender Notice. Only the authorized Tender Authority sets or changes the closing date and time



for a tender. Any changes made by the Tendering Authority are automatically sent to all participating bidders via an e-mail message

The bid opening can only occur after the defined tender opening time for the specified tender, and only by the designated user appointed by the Tender Authority. Responses are encrypted and can only be opened by the user with the matching digital key. The bid opening time and designated user are defined during the tender creation process.

Once the bid opening time has passed, the designated user can initiate the bid opening process in accordance to the rules specified in the tender – such as one cover (technical and commercial opened at the same time), two cover (completion of technical evaluation must be completed prior to commercial bid opening) or three cover (pre-qualification followed by technical and commercial openings).

All participating bidders can monitor the bid opening process through the e-proc system. Once a bid is opened, the information is automatically shared among all participating bidders. They may also track the status of the evaluation process and will be notified when a contract award is made.

The e-proc system does not conduct any tender evaluation; it simply delivers the bid responses to the designated Tender Authority who is responsible for the evaluation of the responses and the approval of any decisions. The system provides an approval workflow which allows the evaluation committee to record their decisions and attach any supporting documents before submitting the decision for approval by the designated authorities.

Participating bidders have access to the decision once the approval of the contract award is complete.

## (ii) Security

Security of India's e-procurement system is tightly monitored and controlled in the state-owned data centre. Only authorized personnel are allowed into the facility and all visitors must receive permission from the Centre for e-Governance before being admitted. Redundancy is built into the system so that in the event of a server failure, the user load is distributed to another server with no disruption to service. The system uses Secure Socket Layer (SSL) encryption for communication between a user's browser and the host web server. This ensures the data is encrypted and cannot be hacked or misused by anyone. The system also applies PKI-enabled encryption to ensure the security and privacy of the users responses stored in the database. Once encrypted, online bids are stored in a locked environment and can only be opened by authorized users (the Tendering Authority, for example) at a specified bid opening time.

Database administrators (DBAs) do have access to data but that access is strictly monitored through user IDs and passwords, digital signatures, secure log-on procedures, and automatically generated audit trails. To prevent an administrator from misusing his access privileges, the system requires two-level password verification before allowing the administrator to access the administrative module. The first password is provided by the administrator and the second password is provided by a designated senior person within the buying organization. As part of the security process, attachments are broken down into components before being stored on a server and are only re-assembled after they are downloaded. Not only does this prevent unauthorized access to documents, but it also helps to protect against computer viruses.



## 8. Singapore: Government Owned Model

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Singapore's GeBiz e-Government Procurement system is an example of a Government Owned Model. The Singapore government had the benefit of having the required skill sets, resources and information and communication technology (ICT) project experience within its government organizations to undertake the development of its own system with no more risk than if the project were to be outsourced to a third-party organization. GeBiz was established as a joint collaboration between the Ministry of Finance (MOF), the Defence, Science and Technology Agency (DSTA) and the Infocomm Development Authority of Singapore (IDA), with the intent of creating a consolidated electronic tender board.

Singapore had many other advantages working in its favour to support the introduction of an electronic procurement environment. First, Singapore is a small city state with a very strong telecommunication infrastructure, and has been a leader in introducing technology to support a number of government services and operations. As a very structured, lean and efficient city-state government, the government is able to implement appropriate rules and regulations to control and apply standards to the procurement process without the hassles of dealing with different levels of bureaucracy that other countries face.

In Singapore, the bulk of government procurement activities are decentralized to individual government agencies, but at the same time, they must adhere to central procurement guidelines issued by the Ministry of Finance. As a World Trade Organization (WTO) signatory, Singapore must also adhere to WTO guidelines.

The Singapore government adopts the fundamental principles of fairness, openness and competitiveness for its government procurement, awarding tenders to the bid that brings the best value for public money. All tender notices and quotations are posted on the GeBiz website, which also contains information on tender schedules and tender awards. The pre-procurement plan containing the public sector's proposed purchasing plan for the fiscal year is also published on GeBiz. Three basic procurement procedures are supported: Small Value Purchase, Quotation and Tender. A Small Value Purchase pertains to items up to \$3,000 in value and may be carried out directly by buying off-the-shelf or purchasing from known sources. Quotations are invited for goods or services valued from \$3,000 up to \$70,000. All government procurement above \$70,000 must adopt tendering procedures, either through open, selective or limited tenders. Additionally, GeBIZ enables on-line purchases via electronic catalogues, as well as purchases made through pre-determined framework agreements.

Today, GeBiz operates as the Singapore government's one-stop e-procurement portal, handling all public sector tenders, and enabling suppliers to submit their bids online. It has become the main channel for all government tenders and quotations, supporting 137 government agencies, 10,000 users and 38,000 suppliers. In 2008 it processed 5,800 tenders and 79,000 quotations for a total of 181,000 orders placed.

### (a) System Overview

The Singapore Government has developed its own e-GP system known as GeBiz. The system is owned by the Ministry of Finance and supported and operated by DSTA who acts as the service operator for GeBiz on behalf of the Government of Singapore.



The screenshot displays the GeBiz website interface. At the top, there is a navigation bar with links for Home, About Us, Government Supplier Directory, Trading Partner Registration, Buyer Agencies, Online Help, Useful Links, and Contact Us. The main content area features a 'News' section with two articles. The first article, dated 29 May 2009, is titled 'Deployment of Contactless Point-Of-Sale Terminals Call For Collaboration (CFC)' and is issued by the Infocomm Development Authority of Singapore (IDA). The second article, dated 21 May 2009, is titled 'The Pro-Enterprise Panel (PEP) wants to hear from you!' and is issued by the Pro-Enterprise Panel (PEP). The website also includes a 'Login (with)' section, 'Business Opportunities' and 'Past Opportunities' lists, and a 'Procurement Information' sidebar. The footer contains a Privacy Statement, Terms of Use, and copyright information for 2005.

The GeBiz program started in 2001 with the establishment of a central portal to support the advertisement of all government procurement and a catalogue of common items available under framework contracts. By the end of 2003, the tender board had evolved into a fully integrated procurement system called Government Electronic Business or GeBiz ([www.gebiz.gov.sg](http://www.gebiz.gov.sg)) with full support of online supplier registration, online invitation and response, and online purchase, as well as interfaces to the existing financial systems within each government agency.

Since the initial launch, DSTA has continued to evolve the system from a web presence to an interactive environment that supports all procurement activities and processes as defined by the procurement rules and regulations set forth by the Ministry of Finance.

The GeBiz system is designed as two separate sub-systems – the Partner System and Enterprise System – operating independently from each other as a way to ensure overall security. GeBiz is designed to serve as a gateway between vendors and government buyers, exchanging information between the two sub-systems as required.

The Partner System is designed to support vendors when conducting business with government. Vendors can register online and access all tender information, requests for quotes and contract awards. Vendors may also add up to 10 product or service items to be included in the GeBiz Mall for low value purchases as a way of promoting their product and service offerings. GeBiz mall entries can be updated by vendors at any time to promote specials or reflect changes to products or services.

Vendors can respond to requests for quotations or tenders online by completing online forms and attaching any files required as part of their technical or commercial bid responses. They may also respond to, submit and track purchase orders and invoices through the system. The Partner System is accessed via the Internet and is open to all vendors, both local and foreign, with very few requirements to register. This ensures the system is open to all vendors.

The Enterprise System is designed to support the government organizations using the system to perform procurement activities such as preparation, purchasing, tendering, awarding, contract management and reporting. It is accessed through the Government Intranet to ensure only designated government officers can gain access. The system also supports a lead agency in establishing service-wide period contracts, as well as the



decentralized purchasing of these contracts by other government agencies. The system can be personalized and configured for specific government agencies.

The various modes of procurement supported by the system include:

- Small Value Purchase for estimated purchase value up to S\$3,000
- Invitation To Quote (ITQ) for estimated purchase value up to S\$70,000
- Invitation To Tender (ITT) for estimated purchase value greater than S\$70,000
- Catalogue Buy for purchases off established Period Contracts through the Electronic Catalogue or Printed Catalogue
- Framework Agreement (FA) for direct Request For Quotation

GeBiz will support end-to-end transactions with trading partners for various modes of purchasing for all goods and services. However, GeBiz operates independently of the financial system used by the agencies and although it supports transaction integration with financial systems such as SAP, Oracle and Peoplesoft, it simply supports the transmission and tracking of the payment request and the payment information between the two parties. The individual organizations and their internal systems are responsible for the actual processing of a payment as it relates to a transaction between the two parties and not with GeBiz. GeBiz will only report on the status of a transaction for those transactions which are sent through the system. Within the system, GeBiz only supports transactions for the processing of actual service fees, such as vendor registration fees or fees billed to government agencies in relation to their use of the system.

The Singapore DSTA has a team of close to 30 or 40 people who support the operation, development, support and management of the GeBiz system, and operates the service as an independent business service supporting the government agencies in the procurement process. The function of the system is not to conduct the actual procurement but to provide tools to support government agencies in their procurement process; the overall responsibility for a given procurement and the awarding of a contract resides with the buying organization. The system is there to support the exchange of information between the parties and make sure the process is conducted in a fair, open and transparent manner by ensuring all information is made available to all interested parties.

As GeBiz evolves, the DSTA continues to review and plan new system enhancements to reflect new procurement practices and technology options. Currently, DSTA is in the process of adding options to support auctions and reverse auctions in the system in order to evaluate the value of such features in the procurement process.

#### (b) Business Model

Singapore is an example of a Government Owned Model where the Ministry of Finance is the governing body for procurement policies, and as such is the owner of the on-line portal. The Defence, Science and Technology Agency provides the technical expertise, essentially serving as the third-party provider to develop, operate and manage the portal. Meanwhile, the Infocomm Development Authority sets the IT policy and guidelines that must be followed by the DSTA when implementing and running GeBiz.



## Funding

GeBiz is a self-funding service operation through the application of service/transaction fees to the vendor and government buyer communities.

The Ministry of Finance is the owner of the system, and therefore funded its initial development and implementation. Once the system was operational and part of the government procurement process, a schedule of fees was established to make the service self-funding. For vendors, an annual subscription fee of SGD280 (\$190 USD) apply only for additional user accounts within an organization. The first vendor account is provided free of charge.

The objective of the fees is to generate the necessary income to support the service operation, support and on-going product development initiatives by DSTA and to control certain aspects of user behaviour.

Since one of the main objectives of the system is to encourage vendor participation in an open and fair procurement process, very few fees are applied to the vendor community. The only fees applied are for additional user IDs or GeBiz Mall listings in order to control unnecessary registrations or mall listings. The initial user registration for a vendor is free and vendors may also post 10 items in the GeBiz Mall for free. There are also no fees for any procurement opportunity or any associated bid documents, or to respond to a bid in order. By operating this way, the government hopes to encourage more vendors to participate in the procurement process.

The main source of revenue to support the service operation is generated from transaction fees applied to participating government users. The Ministry of Finance could have provided DSTA with the operating budget to support the service; however, it decided that organizations would better recognize and understand the value of the service if they paid for it individually in relation to their own use of the system, or any customizations they request of DSTA.

This business model approach has helped GeBiz to establish a very strong and competitive marketplace with over 39,000 registered vendors to date. Singapore has recognized that the best option to get the best value for money is from strong competition through a fair, open and transparent procurement process.

### (c) Business Relationships

Operation of the GeBiz portal results in two types of business relationships being formed: one between the vendor community and the Singapore government for use of the portal; and, one between the vendors and the government agencies themselves once a contract is awarded.

### (d) Operation

In a Government Owned Model, there are no questions about ownership or control. The Singapore government owns and operates the portal, and individual agencies are responsible for carrying out transactions. Terms of use and conditions are set out in the procurement guidelines on the portal site, including indemnification clauses and loss bid protection.





GeBiz is hosted and operated from a Singapore government data centre. The centre is maintained and managed as per the policies set by InfoComm to ensure the security, integrity and service levels for all government services.

Access to the system is controlled by the user ID/password pair assigned to users during the initial registration process for both vendors and government users. The GeBiz Partner service for the vendor community is available through general Internet access to the host GeBiz Partner sub-system.

Access from the Internet is managed and controlled at the data centre through standard security measures with appropriate firewalls and network controls to ensure there is no unauthorized access to the system or any other system within the facilities.

The GeBiz Enterprise sub-system is accessed through the government controlled and managed intranet along with the user ID/password pair assigned to government users during the initial registration process. This ensures only designated government officers have access to the GeBiz Enterprise System.

GeBiz serves as the gateway between the vendors and government buyers, exchanging information between the two systems as required for the distribution of tenders to vendors, the submission of bids from vendors to buyers, the processing of purchase orders and the monitoring of payments. GeBiz also supports internal access to government ERP systems (Oracle, SAP and Peoplesoft) so that transactions and messages can be passed directly through the appropriate system.

Outside the realm of system security, the DSTA also applies sound security processes to the operational practices with its own facilities to ensure there is no unauthorized access to the physical work environment by the different business units supporting the operation of the service. Any visitors must sign-in to the facilities and all access is controlled using secure key cards.

A team of 30 to 40 DSTA professionals are charged with supporting the GeBIZ site; procurement training for both suppliers and government users is the only area outsourced to a local technical institute.

(i) Bid Response

The Singapore government kept the bid submission process relatively straightforward with simple tables for technical compliance and commercial bids, and any detail or supplementary information included as attached files. The system allows buyers to specify if a bid will be supported by an electronic bid submission process, a manual process or a combination of both options, depending on the nature of the response they would like to receive. The system is there to support the procurement and bid submission process for the buyer, not to completely control the process.

Vendors are presented with a checklist of the components that make up a completed bid response. The components could include the need to attach a file which forms part of the response or to complete an online form presented as a web page. Commercial responses are normally presented as a web form which is completed online. Forms are created by buyers during the tender creation process.

All electronic submissions are encrypted and stored in the system until the defined bid opening time. Encryption is managed by the system and does not use PKI keys as the current policy for user identification is the user ID/password pair set up at registration.



DSTA has recently added support for one or two cover bidding and will soon be testing e-auctions as an option for commercial evaluation. It is not expected that e-auction will apply to all biddings, nor does Singapore at this time intend to make auctions mandatory. It simply wants to be able to provide buyers with the tools they may need or want to use in their procurement processes.

GeBiz is simply intended to serve as the primary portal for government procurement and the gateway between the vendor community and government buyers. GeBiz will report on all activity but does not presume to fully control the activity of government buyers. Only business rules stipulated by the Ministry of Finance will be implemented in the system.

## (ii) Security

GeBiz is hosted and operated from a Singapore Government data centre. The centre is maintained and managed as per the policies set by InfoComm to ensure the security, integrity and service levels for all government services. Physical access to the data is strictly controlled and no access is permitted without prior written approval.

Access to the system is managed and controlled at the Data Centre through standard security measures with appropriate firewalls and network controls to ensure there is no unauthorized access to the system or any other system within the facilities. Government users access the system through the government-wide intranet, which further validates that any access to the GeBiz Enterprise sub-system is from authorized government users.

Access to the system is controlled by the user ID/password pair assigned to users during the initial registration process for both vendors and government users. The GeBiz Partner service for the vendor community is available through general Internet access to the host GeBiz Partner sub-system. The system makes use of Secure Socket Layer (SSL) to ensure all information from the client to the host system is encrypted and cannot be hacked or misused. Any bid response or private information stored in the database is in an encrypted form, and access to the database is fully controlled to prevent any unauthorized entry from outside or within the GeBiz operation.

Outside the realm of system security, the DSTA also applies sound security processes to the operational practices with its own facilities to ensure there is no unauthorized access to the physical work environment by the different business units supporting the operation of the service. Any visitors must sign-in to the facilities and all access is controlled using secure key cards.

## 9. Philippines: Government Managed Service

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The Government of the Philippines (GOP) has initiated a number of reform measures and strategies to raise efficiency and transparency levels in government procurement, including the formulation of the newly enacted Government Procurement Act (R.A. 9184). This law redefines procedures in government purchasing, and has enhanced transparency, competitiveness and public accountability in government procurement. It highlights one important change in the system, which is the establishment of the Government Electronic Procurement System or E-Procurement System (G-EPS) that will serve as the primary source of information in all government procurement and serve as the central portal for all government bid opportunities<sup>1</sup>.

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<sup>1</sup> p.250 MTPDP 2004-2010



The development of the G-EPS is in line with the thrusts of the government to promote the use of information technology in public sector governance pursuant to Republic Act No. 8792, otherwise known as the E-Commerce Act.

The G-EPS is in compliance with several procurement reform initiatives. EO 322 mandates all GOP bid opportunities, notices, and awards to be advertised and posted in the G-EPS and all suppliers that wish to conduct business with national government agencies must register in the system. EO 262 mandates all bid tenders to be posted in the G-EPS website. EO 40 and the Government Procurement Act (Republic Act No. 9184) provide for transparent advertisement of invitations and posting of bids and awards through the Internet and procurement through electronic means.

All of this activity has led to the implementation and development of the Philippine Government Electronic Procurement System, known as PhilGEPS, which currently serves as the central portal for all government bid opportunities.

The Bureau of Procurement Service of the Department of Budget and Management (DBM-PS) is the implementing agency for the PhilGEPS system delivery. DBM-PS reports to the Government Procurement Policy Board (GPPB), a joint committee represented by eight government agencies that oversees the implementation of the government procurement reforms and is responsible for the professionalization of public procurement and the monitoring of procurement compliance with the new reforms.

The PhilGEPS program started as a pilot system in 2000 through the assistance of the Canadian International Development Agency's (CIDA's) PTTAF Project using Canada's MERX service as the backend system. The objective of the pilot system was to help DBM-PS gain a better understanding of the resource requirements for supporting and operating an electronic procurement system across multiple government levels. The pilot system started with one agency and a few hundred vendors, and quickly grew to support more than a few thousand agencies, publishing tender notices and distributing tender documents to more than 20,000 vendors.

Through the operation and delivery of the pilot system, DBM-PS prepared a project plan for the development of its own e-GP system that would offer the features and functions required to support the procurement reforms being instituted by the government.

DBM-PS elected to find a service partner to build, operate, maintain and support the system. The service provider would be responsible for all technical aspects, including the development, infrastructure, facilities, support and operational management, in accordance to the requirements and service levels set forth by the government. DBM-PS would be the service owner and operator of the service and would be responsible for all users, including the provision of a help desk, training services and on-going product planning to meet service requirements. The reasoning behind the decision to outsource the technical delivery of the system was to mitigate the risk associated with system development and delivery, as well as the recruitment and retention of the technical expertise required for the system.

DBM-PS outsourced the development and operation of PhilGEPS to a private service provider, duplicating the existing pilot services while adding significant functionalities such as the Virtual Store, Charges and Fees, E-payment and E-bid Submission. The first release of the PhilGEPS system was launched in August 2006, and included the central tender board, online registration and an online catalogue. DBM-PS and its service partner are currently in the process of developing additional features for the system, including the replacement of the online catalogue with a virtual store to support online ordering, e-



payment and order tracking; the implementation of charges and fees; and, support for e-bid submission.

To handle the management, operation and training aspects of the system, DBM-PS established the PhilGEPS Group with a full-time staff complement. Since launching the pilot G-EPS in December 2000, the group has been conducting a nationwide marketing and training strategy. So far, it has trained more than 10,138 procurement officers, supply officers, buyers, administrative officers, and bids and awards committee members, 474 commission on audit personnel, and 658 budget officers. Roughly 25 percent of the 39,000 registered suppliers with the G-EPS were likewise trained.

(a) System Overview

PhilGEPS is the central procurement portal for the Philippine Government. The system is designed as a fully web-enabled application easily accessible to any user through the Internet without the need of any special software other than a common browser and the Adobe PDF reader which is freely available.

The screenshot shows the PhilGEPS website interface. At the top, it features the PhilGEPS logo and the text 'Central Portal for Philippine Government Procurement Opportunities'. Below the logo is a navigation menu with options: Log-in, Register Now, About GEPS, Catalogue, Government Links, and Contact GEPS. The main content area includes a welcome message, a search bar, and several informational sections: 'How to Secure PhilGEPS Certificate of Registration', 'How to Post Notice of Award?', and 'Full Story' links. On the right side, there are two summary boxes: 'GEPS Statistics' and 'Calendar of Events'. The 'GEPS Statistics' box shows: Registered Agencies (7,926), Registered Suppliers (36,352), Opportunities Processed (114,283), and Current Opportunities (7,510). The 'Calendar of Events' box shows a calendar for June 2009 with dates 1 through 30. At the bottom, there are two tables: 'Open Opportunities' and 'Recent Award Notices'.

Category	No. of Opportunities
1 Agricultural Chemicals	13
2 Agricultural Machinery and ...	41

Title	Amount (PHP)
1 Supply and Delivery of Elem., S...	1,361,000.00
2 Procuremnt of Packaging Tape	12,000.00

The overall objective of the system is to instill transparency in the Philippine Government procurement process and to introduce efficiencies and effectiveness to better support both the buyer in the procuring entities and the suppliers wishing to participate in the procurement process.

By law, all government agencies from the national agencies, down to cities and local government units (LGUs), must use PhilGEPS to advertise any public procurement, and any supplier wishing to conduct business with a government organization must be a registered user on the system.

PhilGEPS supports multiple access views to the system depending on a user's role. The public has free access to the system; there's no need to register in order to view all current procurement being conducted by the procuring entities and any recent awards published by the agencies.



Suppliers, both local and foreign, wishing to participate in the procurement process can register online by completing a simple registration form and accepting the terms and conditions for accessing the system. As registered users, suppliers can sign up for automatic bid matching in order to be notified by e-mail of any new opportunities matching their profiles; update their company profile, included in a directory available to government buyers; search and view both current and former opportunities; view, order and download any associated bid documents published with an opportunity; and, track opportunities of interest. Each registered supplier organization has one registered user who is designated as the organization's coordinator. This supplier coordinator is responsible for the administration of the organization and has the ability to add and remove additional users assigned to the organization. Each user is presented with a list of any outstanding or pending task to perform, such as new matches not viewed, invitations to participate in a bid, updates or amendments to bids they are participating in, or reminders to pick up a non-electronic bid package that was ordered.

Government buyers can also register online by completing a registration form and accepting terms and conditions for participating as a government user. As registered buyers, the system allows users to create and manage tender notices and their associated bid documents; access a supplier directory of all registered suppliers; search and view former and current opportunities; or view tracking reports on their service activity or a specific notice. The notice creation and management functions are provided under a MyNotices section. The notice creation process supports various business rules to ensure users provide and enter the correct information, such as the approved budget and the minimum advertising periods.

Users may create a tender for a single lot or multiple lots by adding individual line items to a notice with individually approved budgets. Some of the business rules have been adjusted to support tender notices being procured under MDB guidelines. Users can attach electronic copies of bid documents to the notice for online distribution or elect to support the manual distribution of bidding documents. For manual distribution, the system provides order management functions that allow suppliers to request a bid package, and track when the package is retrieved from the procuring agency. Users would automatically be notified when the bid package is available for pickup. After a notice is published, buyers may issue amendments to the notice via the notice management process. Once published, any amendments or changes are automatically sent to participating suppliers, and buyers can track the delivery or retrieval of the amendments via a detailed tracking report for the tender notice. Upon closing, buyers can update the bidders list by indicating which suppliers submitted a bid and post the award notice after evaluating the submitted tenders.

The system allows buying organizations to establish their own supplier list or designated accreditations to a supplier. It also allows buyers to request blacklisting of suppliers, but with a reason. Any blacklisting request would be sent to a committee for review and approval prior to a blacklisting notice being associated with a given supplier.

PhilGEPS provides an audit role which provides auditors full access to the system to monitor system activity and view tracking reports on individual tenders or system management reports. Auditors can view system activity being conducted by buying organizations but cannot make any changes on the system.

PhilGEPS also provides DBM-PS with administrative functions that allow it to administer and support the users on the service, including vetting and approval, supplier and buyer registration, and being able to assist users setting up the organization profiles and bid matching services or assisting in the creation of a tender notice. The system



administration has the ability to post events in a calendar, post announcements on the system, and update content on various information pages as well as content in system data tables used in drop down or selection lists. Administrators also have access to system management reports with the ability to extract data from the database in order to generate custom reports. The system administrator is responsible for maintaining the content in the online catalogue being published on the system.

All activity in the system is recorded in transaction log records and users can view any activity that may have been performed on their account, including activities that an administrator may have conducted on their behalf, such as updating their contact profile or changing their status on the system.

DBM-PS and its service provider are currently in the planning stage for the development and implementation of additional features in the PhilGEPS platform which will include transforming the online catalogue to a virtual store to support online ordering, e-payment and order tracking of requested items through delivery and acceptance. DBM-PS also intends to introduce charges and fees for the use of the system and support electronic bid submission in the coming year. In addition to adding more features, DBM-PS intends to review the functions of the existing system with users to plan future changes and product upgrades as the system continues to evolve.

(a) Business Model

DBM-PS elected to pursue a Government Managed System using a third-party owned and operated solution to ensure that the government would be responsible for and able to control the business operation of the system. It also aimed to mitigate the risk associated with the technical implementation and operation of the system.

As the owner of the service operation, DBM-PS controls, manages and is responsible for the users of the system. The system is presented as a government owned and operated service and, for all intents and purposes, the service is owned and controlled by the government. All content of the PhilGEPS service belongs to the government.

The physical system, facilities, network infrastructure and applications to support the service operation of PhilGEPS are provided under a service agreement with the third-party service provider, Ayala Systems of the Philippines (ASTI). ASTI is responsible for all technical components of the system delivery, including the development and on-going support of the system to ensure it continues to meet government requirements and supports the anticipated growth in user activity. ASTI owns all rights to the application as well as any hardware or facilities supporting the delivery of the system. ASTI must also provide all necessary resources and technical expertise as required for delivery of the service in accordance to the terms of the agreement and defined service levels.

As per the nature of the agreement, DBM-PS pays ASTI a monthly fee for the use of the service environment, resources to support the service delivery, and the management and support of the service. The monthly fee is based on the system components delivered and accepted by the government as the system development plan was to phase in the different system components over five individual development phases. DBM-PS did not start to pay the monthly fee until the system was accepted and placed into production, mitigating the risk associated with any cost overruns or delays with initial development. The contract with the service provider provides for up to P50 Million pesos per year or approximately \$1,000,000 USD depending on the services delivered.



The fixed fee service arrangement also mitigates some of the risk for the third party as its revenue stream is not based on a set of projected transactions which may or may not occur as expected. Meanwhile, the government is able to better forecast its operating cost and plans to implement a charges and fees schedule that will cover the cost of supporting and operating the service.

The service agreement is for a period of five years with options to extend on a year-to-year basis. The government also retains an option to acquire the system and continue the operation of the services itself, or with the assistance of a third-party partner or other service provider. The government can elect to look for another technical solution to deliver and support its electronic procurement needs, in particular if it is felt that the current solution may not meet its needs in the long run or if new technical developments appear offer better options and cost savings in the future.

By separating the business operation from the technical operation, the government feels it has better control over its service operations, giving it the flexibility to choose different alternatives in the future versus being tied to a solution due to the capital investment that has been made. Also, in controlling the business operation, the government can institute a charge and fee schedule that covers any operational cost over the lifetime of the service operation, regardless of the backend solution being used to deliver it.

## Funding

Since the initial launch of the pilot EPS system in 2000, DBM-PS Philippines has been funding the operation of PhilGEPS from its own operating budget. DBM-PS currently receives funding from the Government of the Philippines through the E-GOV program to pay for the technical operation of the system.

The decision to fund the project directly during the initial implementation of the system was intended to encourage participation by both the government agencies and the supplier community, and to remove cost as a decision factor for participation. DBM-PS wanted to demonstrate the value of the service offering to the user community. During the initial implementation years, it would have been difficult to apply charges to suppliers to access a service which may or may not have contained opportunities of interest.

The annual cost for the delivery of the service operation including all required infrastructure, facilities, network, bandwidth, software, backup site, operational support, development support and project support to the service provider is approximately P50 Million (\$1 Million USD). The government also funds the PhilGEPS support office with approximately 25 resources who perform end user training, business development activities, product planning, service management and customer support functions.

Now that PhilGEPS has established itself as a significant marketplace for government procurement, DBM-PS will begin planning for the introduction of service fees in order to become a self-funding service operation. This will occur after the additional planned functions for PhilGEPS are in place and DBM-PS implements its new financial management system to better support the application of fees within the service offering.

## (b) Business Relationships

The implementation of PhilGEPS has created new business relationships within the framework for conducting business with the Government of the Philippines.



All suppliers now have an agreement with PhilGEPS to access government procurement information in the service and, in the future, to pay some service fees related to their use of the system or to buy bid packages from a procuring entity. Suppliers will also enter into individual contracts with government organizations after winning a procurement that was processed through the system.

All buyers will also have an agreement with PhilGEPS to use the service to advertise and distribute their procurement information. In the future, this agreement will include support for purchasing items through the virtual store and perhaps paying service fees for use of the service. Buyers will also enter into individual contracts with suppliers they purchase items from.

DBM-PS has a contract with its third-party service provider for the delivery and support of the service operation. The contract includes a service level agreement (SLA) governing the uptime, response time and responsibilities of the service operation; however, it also protects and indemnifies the third party from any claims or losses that may be brought forth from any user due to a service operation failure.

Likewise, DBM-PS will operate the PhilGEPS service as an independent service operation, assuming no responsibility over the delivery of the service and providing no guarantees to users regarding the availability of the service offering. Nor will it assume liability with respect to a user's utilization of the service; users shall indemnify PhilGEPS and DBM-PS from any claims or losses that may be incurred when using the system.

PhilGEPS is only intended as a service to provide access to information published by individual government organizations related to their own activities. It takes no responsibility over the content or the procurement process applied to a given opportunity.

### (c) Operation

The service provider, ASTI, is required to provide and maintain an architecture plan, an operations plan, a disaster recovery plan and a change management plan to ensure continuous operation and management of PhilGEPS and its associated service operations.

PhilGEPS is hosted and operated from a third-party secure data centre facility under a contract with the PhilGEPS service provider. The PhilGEPS system is maintained within its own secure area and cannot be physically accessed by anyone without prior written approval as all visitors must register with the data centre in advance of a visit. The facilities provide all network infrastructure, redundant bandwidth and backup power systems to ensure on-going operation of the facilities. The primary host system has built-in redundancy to alleviate or minimize any system failures and sufficient resources to support the required service levels.

In addition to the primary host site, a backup facility is also maintained in another city within the Philippines as part of a disaster recovery plan. The host and backup sites are synchronized throughout normal operations to minimize any potential loss of data. In the event of a failure, the backup facility would come online within minimal interruption to the service operation.

Access to the system is controlled by the user ID/password pair assigned to users during the initial registration process for both vendors and government users. Access from the Internet is managed and controlled at the Data Centre through standard security





measures with appropriate firewalls and network controls to ensure there is no unauthorized access to the system or any other system within the facilities, and any exchange of information between a registered user and the host system is conducted via a Secure Socket Layer (SSL) connection. This ensures information is encrypted and cannot be hacked or misdirected.

In addition to the primary host and backup sites, ASTI also maintains development, staging and training server environments to support the change management process and acceptance testing prior to any changes being migrated to the production environment.

A team of approximately 25 management and support resources from the PhilGEPS office manage the business operations, help desk and training programs. PhilGEPS operates from a central office location in Manila and is establishing a local presence in 16 regional offices around the country to provide local support for government agencies and suppliers. The technical operation provided by ASTI is supported by a team of about 20 technical and project management resources to ensure the on-going operation and development of the PhilGEPS system.

(i) Bid Response

PhilGEPS currently does not support electronic bid responses. This function is in the future plans for the system. DBM-PS is currently reviewing bid submission processes and will be formulating its own solution to support the requirements of its participating buying organizations.

In the short term, bid response to public procurement conducted will continue to be submitted manually in accordance to the instructions presented in the individual bid documents issued by the procuring organization.

(ii) Security

PhilGEPS is hosted and managed from a secure data centre with controlled access procedures that limit any authorized physical access to the facilities. The data centre is separate from both the PhilGEPS operation office and ASTI's technical operation office, which also has established security processes limiting unauthorized access.

The system has implemented industry-standard security controls to limit any unauthorized access to the system with appropriate firewalls, intrusion detection and other security measures.

The service provider was required to provide and maintain an operations plan, security plan, disaster recovery plan and system architecture to satisfy all of the current and future security needs of the system. An outside firm was retained to test the load capacity and security features of the system to ensure all requirements were met prior to the launch of the system.

Access to the system is primary controlled through the user ID/password pair assigned to users, and through the use of SSL to ensure the secure transmission of information from users to the host system. The system will also check all uploaded files for viruses or any other malware. If a file is found to contain a virus or malware, the system will reject the upload request and require the user to clean the file, as well as their system, before attempting the upload again.



The Philippine Government will be instituting reforms in the e-commerce law to recognize digital signatures and will be establishing a national certification authority to issue digital keys that will be applied for electronic transactions with the government. The new digital key, when available, will be applied in the PhilGEPS system for encrypting information and digitally signing transactions.

Part of the normal service operation includes provisions for regular security audits throughout the contract period to ensure the security and integrity of the system and the operational environment.

## 10. Annex 1 – Terms and Conditions

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This Annex contains copies of the various terms of use, privacy policies and terms and conditions applied on users participating in the various e-GP systems considered in this study.

### Singapore

#### GOVERNMENT OF SINGAPORE PRIVACY STATEMENT

- 1) This is a Government of Singapore website. Thank you for examining our privacy statement.
- 2) If you are only browsing this website, we do not capture data that allows us to identify you individually.
- 3) If you choose to make an application or send us an e-mail for which you provide us with personally identifiable data, we may share necessary data with other Government agencies, so as to serve you in a most efficient and effective way, unless such sharing is prohibited by legislation. We will NOT share your personal data with non-Government entities, except where such entities have been authorized to carry out specific Government services.
- 4) For your convenience, we may also display to you data you had previously supplied us or other Government agencies. This will speed up the transaction and save you the trouble of repeating previous submissions. Should the data be out-of-date, please supply us the latest data. We will retain your personal data only as necessary for the effective delivery of public services to you.
- 5) To safeguard your personal data, all electronic storage and transmission of personal data are secured with appropriate security technologies.
- 6) This site may contain links to non-Government sites whose data protection and privacy practices may differ from ours. We are not responsible for the content and privacy practices of these other websites and encourage you to consult the privacy notices of those sites.

### Terms of Use

Thank you for visiting <http://www.gebiz.gov.sg> (this website). By accessing and using this website, you shall be deemed to have accepted to be legally bound by these Terms of Use. If you do not agree to these Terms of Use, please do not use this website.



#### 5.1.1.1 General

These Terms of Use may be changed from time to time. Changes will be posted on this page and your use of this website after such changes have been posted will constitute your agreement to the modified Terms of Use and all of the changes.

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#### 5.1.1.6 Registration

### **GeBIZ Trading Partner Registration - Useful Information and Registration Requirements**

#### 5.1.1.6.1 1. Useful Information

Suppliers can refer to the [Registration Guide](#) and the [Frequently Asked Questions](#) to find out more information before registering as a GeBIZ Trading Partner.

#### **Register a business/company in Singapore**

Applicants are advised that registration as a GeBIZ Trading Partner or Government Registered Supplier is not equivalent to a licence to conduct business in Singapore. Please visit the [Accounting and Corporate Regulatory Authority \(ACRA\)](#) website for more information regarding the registration of a business/company in Singapore.

#### **Register as a Government Supplier**

After registering as a GeBIZ Trading Partner, you may wish to register as a Government Registered Supplier to respond to business opportunities that specify this as a criteria. Click [here](#) for more information.



### **Establish Banking Arrangements**

After registering as a GeBIZ Trading Partner, applicants may be requested by the various government agencies to establish banking arrangements. Suppliers that conduct business with the Ministry of Defence and the Defence Science and Technology Agency are advised to establish banking arrangements. Click [here](#) to download the forms.

#### 5.1.1.6.2 2. Registration Requirements

### **Register with a Unique Entity Number (UEN) Issuing Agency for Singapore based entities**

Applicants are advised that Singapore-based entities will need to register with an UEN Issuing Agency before registering as a GeBIZ Trading Partner to obtain a unique identification number to facilitate correspondence and interaction with the Singapore government. Singapore individuals can transact in GeBIZ using their National Registration Identification Card Number (NRIC No.) or Foreign Identification Number (FIN No.). Please visit the UEN website at <http://www.uen.gov.sg> to find out the UEN issuing agencies.

### **GeBIZ Trading Partner Applicant and Authorized Representatives**

Applicants will need to nominate at least one representative that has been authorized to transact on behalf of your entity in GeBIZ. The applicant and authorized representatives will need to be at least 18 years of age at the time of registration as this is the minimum age at which contracts are binding and enforceable under the Singapore statute.

### **Annual Subscription Fee For Authorized Representative**

All GeBIZ Trading Partners (GTPs) will enjoy the use of one authorized representative (AR) account free-of-charge. Subsequent AR accounts in addition to the first free account, is chargeable at SGD280 (inclusive of prevailing GST) per account per annum. Any payment made is not refundable.

To help suppliers lower their business costs during the economic downturn, the annual subscription fee for second and subsequent AR account (new or renewed) will be reduced from SGD280 to SGD180 per account per annum (inclusive of the prevailing Goods and Services Tax) for subscription periods that commence between 1 Apr 2009 and 31 Mar 2010.

### **GeBIZ Terms and Conditions**

The applicant and authorized representatives will need to abide by the GeBIZ [Terms and Conditions](#) to become a GeBIZ Trading Partner.

GeBIZ Trading Partners billing the Government Ministries, Statutory Boards and Schools are required to submit invoices electronically. Please refer to paragraph 14 of the GeBIZ Terms & Conditions for more information.

## India – Karnataka

### Terms and Conditions for Contractor

#### 5.1.1.7 1. Definitions

1.1 For the purposes of this document, the following expressions shall have the meanings hereby assigned to them except where the context otherwise requires:



"Terms and Conditions" means the Terms and Conditions mentioned herein and applying to the e-Proc System and as amended by the Government from time to time.

"Certification Authority" shall have the same meaning as in the Information Technology Act, 2000 and any amendments thereof.

"Contract(s)" shall unless otherwise specified refer to Contract(s) concluded by Parties.

"Digital Signature" shall have the same meaning as in the Information Technology Act, 2000 and any amendments thereof.

"e-Proc System" means the Government Electronic Procurement system, a structured electronic system operated by the Government via the Internet which facilitates the procurement of goods and/or services by the Government through electronic means.

"Government" means the Government of Karnataka including, where the context so admits, its officers/officials and agents.

"Message(s)" means data structured in accordance with e-Proc System and transmitted electronically through e-Proc System between the Parties and/or generated by e-Proc System, including where the context admits any part of such data.

"Messages Log" means a complete historical record of all Messages transmitted through and/or generated by e-Proc System.

"Party" means either the Government or the Contractor and "Parties" mean both the Government and the Contractor.

"Representative" means any person authorized by the Contractor under these Terms and Conditions to access and use e-Proc System on the Contractor's behalf. Notwithstanding anything herein, any person who uses and/or enters the correct Security Device as prescribed by the Government shall be deemed to be a Representative of the Contractor.

"Security Device" means any or any combination of Login ID, password, electronic device with encoded electronic strip and/or chip, digital signature or such other device, method, item or machine prescribed by the Government for access and/or use of e-Proc System or any part thereof by the Contractor.

"Service Provider" shall mean the entity or organization responsible for maintaining and operating the e-Proc System under an agreement for services executed with the Government.

"Contractor" means any person who has applied for and granted by the Government the right to access and use e-Proc System upon the Terms and Conditions and shall, where the context so admits, include its Representatives.

"Website" means the Internet website of e-Proc System, <http://www.eproc.karnataka.gov.in>, maintained by the Government and shall include but not limited to all its pages and all information, text, forms, items, images, links, sound and graphics displayed therein.

1.2 Words importing the singular include the plural and vice versa.



1.3 The headings are for convenient reference only and shall not affect the interpretation of this interpretation.

1.4 Words importing a gender include any other gender.

1.5 A reference to a person includes individuals, partnerships and other bodies, whether corporate or otherwise.

1.6 Any reference to any statute or legislation shall be deemed to be a reference to such statute or legislation as amended from time to time and be deemed to include any subsidiary legislation made thereunder.

1.7 All references to date and time herein (including but not limited to the date and time of delivery of Messages) shall be as per Indian Standard Time and date.

#### 5.1.1.8 2. e-Proc System

2.1 The Government agrees to grant the Contractor the right to access and use e-Proc System on the terms set out herein and such other terms as may be specified by the Government from time to time. The Contractor also recognizes and acknowledges that the e-Proc System is being maintained and operated by a Service Provider under an agreement for services executed between the Government and the Service Provider. The Contractor hereby agrees and acknowledges that Service Provider shall not be responsible or liable for any damage or loss resulting from the use of the e-Proc System.

2.2 The Contractor will pay the Government the prevailing subscription fee. The prevailing subscription fee and other specifications will be set by the Government from time to time in the Website.

2.3 The Contractor agrees to fully comply with and observe all the Terms and Conditions. The Contractor further agrees that if any such Message or communication contains anything that is inconsistent with the Terms and Conditions, the Government shall be entitled to treat such Message or communication as if it did not contain or include any such inconsistency and such inconsistency shall not have any legal effect.

2.4 Where the Government procures or seeks to procure any goods and/or services from the Contractor through e-Proc System, Parties agree that the Government shall be entitled to, at its discretion, prescribe the methodology and the manner in which such procurement of goods and services shall be made. The manner and the methodology as may be prescribed by the Government shall be mentioned and provided on the Website.

2.5 The Government shall be entitled to, at its discretion, to enter into Contracts with the Contractor, in such manner as may be decided by the Government from time to time for the procurement of Goods and Services from the Contractor.

2.6 In the event that e-Proc System is unavailable due to reasons solely attributable to the operations of e-Proc System and is likely to remain so for a reasonable period of time (which shall be determined solely at the discretion of the Government), the Government shall notify the Contractor of the unavailability of e-Proc System by posting a notice on the Website (which shall constitute sufficient notice to the Contractor). In such an event, the Parties may transact with each other in writing through conventional means if the Government expressly specifies in its notice that the Parties may do so.



### 5.1.1.9 3 Security, Access and Use of e-Proc System

3.1 The Contactor shall access and use e-Proc System in the manner and with the use of such Security Devices as are or as may be prescribed by the Government from time to time.

3.2 The Government reserves the right to prescribe different Security Devices for accessing and/or using e-Proc System or any part thereof, including but not limited to prescribing different Security Device(s) for accessing and/or using different parts of e-Proc System. The Government also reserves the right to vary, from time to time, the Security Device(s) and/or the manner of accessing and/or using e-Proc System or any part thereof. The Government will inform the Contractor by posting a notice on the Website of any change(s) in the Security Device(s) and/or the manner of accessing and/or using e-Proc System or any part thereof and such posting notice shall constitute sufficient notice to the Contractor.

3.3 Without prejudice to Clause 3.2, the Government reserves the right to prescribe password(s) and Login ID(s) for the Contractor and its Representatives as well as any combination and/or sequence of letters and/or numerals for the password(s) and Login ID(s).

3.4 The Contractor shall comply and adhere to all the security measure and obtain , at its own cost, all necessary Security Devices that may be required and made applicable by way of instructions or directions provided by the Government on the Website or otherwise.

3.5 The Contractor shall authorize Representative(s) to access and use e-Proc System on its behalf. The Contractor shall notify the Government in writing of its Representative(s) in the form and manner prescribed by the Government from time to time.

3.6 The Contractor shall also immediately notify the Government in writing in the form and manner prescribed by the Government from time to time of any changes in its particulars or the particulars of its Representative(s).

3.7 The actions, failures, omissions and defaults of the Contractor's Representative(s) shall be construed and be given legal effect as if they are the actions, failures, omissions and defaults of the Contractor and the Contractor shall be fully responsible for all such matters.

3.8 The Contractor shall do all things necessary to preserve and maintain the integrity and security of e-Proc System, including but not limited to ensuring that there is no unauthorized access and/or use of e-Proc System or any Security Device and that the Security Devices are treated with extreme care and are available to and used by only its authorized Representatives.

3.9 The Contractor shall ensure that all Messages transmitted by it or its Representative(s) are duly authorized. The Contractor shall in any event be fully responsible for all Messages transmitted by it or by its Representatives(s).

3.10 The Contractor agrees, after taking into account all relevant factors, that the security procedure for e-Proc System constitutes a commercially reasonable security procedure.

3.11 The Contractor agrees that the Government is entitled to rely on the correct use and/or entry of the prescribed Security Device(s) by the Contractor or its Representative(s)





as conclusive evidence of the authenticity of the Message and the authority of the originator of such Message.

3.12 The Government shall be entitled to prescribe such codes and abbreviations for use in e-Proc System and may delete, amend or make additions to such codes and abbreviations from time to time. The codes and abbreviations used in e-Proc System shall be set out and explained in the Website.

3.13 Where the prescribed Security Device is a Digital Signature, the Contractor shall ensure that all provisions of the Information Technology Act, 2000 are complied with.

3.14 The Contractor shall bear all costs and expenses in relation to its access and use of e-Proc System, including but not limited to the costs and expenses incurred in ensuring its continued access and use of e-Proc System.

3.15 The Service Provider shall not be responsible or held liable under these Terms and Conditions for any loss or damage that is caused to any party due to use or misuse of the e-Proc System or breach, by any party, of the Terms and Conditions mentioned herein.

#### 5.1.1.10 4 Representations and Warranties

4.1 The Contractor represents and warrants at all times as follows:

- a. all particulars of the Contractor and its Representatives given and to be given to the Government from time to time are accurate;
- b. the Contractor is validly existing, not insolvent, and has the legal capacity and power to enter into, perform and comply with the Terms and Conditions; and
- c. all actions, conditions and things required to be taken, fulfilled and done in order to enable the Contractor to enter into, perform and comply with its obligations under the Terms and Conditions and to ensure that those obligations are valid, legally binding on the Contractor and enforceable against the Contractor have been taken, fulfilled and done.

4.2 The Contractor undertakes to ensure and hereby represents and warrants at all times that Messages and other communications sent to the Government using e-Proc System and/or pursuant to the Terms and Conditions are and shall be:

- a. complete, accurate, true and correct; and,
- b. transmitted or sent by such persons as are duly authorized by the Contractor to transmit or send the Messages and communications.

4.3 The Contractor represents and warrants at all times to be bound by all Messages and other communications transmitted or sent by the Contractor and/or its Representatives. The Contractor further agrees that the Government is under no obligation to check any Messages or other communications to ascertain their completeness, veracity and accuracy.

4.3 This Section shall not apply to the Service Provider. The Contractor and the Government hereby acknowledge that the Service Provider is not expected to rely on warranties and representations provided herein.



#### 5.1.1.11 5 Service of Notices

5.1 Any notice which the Government is required to give to the Contractor shall only be deemed to have been served on the Contractor if the notice is sent by:

a. post to the address provided by the Contractor in its e-Proc System Contractor Registration Form or such other address as may be specified in writing by the Contractor to the Government, whichever is the latest in time;

b. facsimile transmission to the facsimile number provided by the Contractor in its e-Proc System Contractor Registration Form or such other facsimile number as may be specified in writing by the Contractor to the Government, whichever is the latest in time; or

c. e-mail to the e-mail address provided by the Contractor in its e-Proc System Contractor Registration Form or such other e-mail address as may be specified in writing by the Contractor to the Government, whichever is the latest in time.

5.2 It shall be the duty of the Contractor to immediately notify the Government of any change in its correspondence address, facsimile number and e-mail address.

#### 5.1.1.12 6 Off-line Communication

6.1 The Contractor may direct queries, comments or difficulties encountered with the access and/or use of e-Proc System in the manner specified in Clauses 5.3 and 5.4 or to the Government's Internet e-mail address specified in the Website for the purposes of receiving such off-line communication.

6.2 The Government may likewise conduct off-line communication with the Contractor in the manner specified in and in accordance with Clause 5.1.

#### 5.1.1.13 7 Evidence and Validity

7.1 Information in the form of an electronic record shall be given legal effect, validity and enforceability.

7.2 The Parties expressly accept and agree that any and all Messages transmitted through and/or generated by e-Proc System are final, conclusive and binding for all purposes and shall be relevant and admissible in evidence. The Parties further expressly agree that they shall not dispute the authority, accuracy and/or authenticity of any Message (or any part thereof) on the ground that the Message is transmitted and/or generated electronically.

#### 5.1.1.14 8 Invitation To Tender or Quote ("ITT" or "ITQ")

8.1 The Government may at any time invite Contractors to submit tenders for the supply of goods and services through e-Proc System. This is referred to hereafter as electronic ITT.

8.2 The Government reserves the right to disregard any tender which is submitted after the time specified, regardless of whether the delay in the submission of the tender was occasioned wholly or in part by any unavailability of e-Proc System, interruption in the access and/or use of e-Proc System or any other factor attributable to the operations of e-Proc System, except where the delay is caused solely by mishandling on the part of the Government.



#### 5.1.1.15 9 Contracts

9.1 Contracts may be concluded between Parties pursuant to such instructions and directions provided by the Government on the e-Proc System and also in accordance with the Terms and Conditions mentioned herein.

#### 5.1.1.16 10 Revocation of Authorisation of Contractor's Representative

10.1 The revocation of the authorization given by the Contractor to its Representative for the purposes of transacting through e-Proc System on the Contractor's behalf shall be effected in e-Proc System in one of the following ways only:

- a. The Contractor shall notify the Government in writing of the revocation of the authorization given to its specified Authorized Representative; or,
- b. The Contractor's Representative may delete his account in e-Proc System and the revocation of the authorization of the Contractor's Representative shall take effect immediately upon the deletion of the account.

10.2 The Contractor shall be fully responsible for the actions, failures, omissions and defaults of its Representative until the effective date of the revocation of the Representative's authorization.

10.3 The following consequences shall immediately follow upon the revocation of the authorization of the Contractor's Representative:

- a. The Representative shall not be allowed to access and use e-Proc System on the Contractor's behalf;
- b. The revocation of the Representative's authorization shall not in any way affect the Contractor's obligations under the Terms and Conditions mentioned herein, Contracts concluded through GeBIZ and existing Contracts; and,
- c. It shall be the sole duty of the Contractor to ensure that it is able to continue to access and use e-Proc System.

10.4 The Government shall not be liable in any way for any damages, losses, costs, expenses, liabilities or compensation, whether direct or indirect, which arise from or are referable in any way to the revocation of the authorization of the Contractor's Representative.

#### 5.1.1.17 11 Liability and Indemnity

11.1 The Contractor acknowledges that there are security, corruption, transmission errors and access availability risks associated with using open networks and Internet websites and hereby expressly assumes such risks.

11.2 Without prejudice to the foregoing, the Government and the Service Provider does not make any warranty or representation that the access and/or use of e-Proc System or any part thereof will be uninterrupted, timely, secure, free from virus or other malicious, destructive or corrupting code, programme or macro, free from transmission errors or otherwise error-free.



11.3 No warranty of any kind, implied, express or statutory, including but not limited to the warranties of non-infringement of third party rights, title, merchantability, satisfactory quality and/or fitness for a particular purpose, is given in conjunction with e-Proc System.

11.4 Any hyperlink to any other website or any reference to any website, entity, product or service is not an endorsement or verification by the Government of such website, entity, product or service. Any access, use or engagement of or other dealings with such website, entity, product or service shall be solely at the Contractor's own risks.

11.5 The Government or the Service Provider shall not be liable in any way for any damages, losses, costs, expenses, liabilities or compensation, whether direct or indirect, which arise from or are referable to, regardless of the form of action, any breach of security, delay, corruption or destruction of data or systems (including due to but not limited to causes such as virus or other malicious, destructive or corrupting code, programme or macro), transmission error and unavailability of access associated with accessing and/or using e-Proc System or any part thereof even if the Government is advised as to the possibility.

11.6 The Government or the Service Provider shall not be liable in any way for any damages, losses, costs, expenses, liabilities or compensation, whether direct or indirect, which arise from or are referable to, regardless of the form of action, any difficulty whatsoever encountered in accessing and/or using e-Proc System or any part thereof arising out of or in connection to the Contractor's facilities (including but not limited to computer terminals, modem, software, hardware, systems, subscription to services of Certification Authority, subscription to the services of Internet Service Provider and telecommunications facilities).

11.7 The Contractor shall solely be responsible and liable and shall hold the Government free of liability for the acts, failures, omissions and defaults of the Contractor and its Representatives, including but not limited to unauthorized access and/or use of e-Proc System or any part thereof, unauthorized disclosure or use of any Security Device, access and/or use of e-Proc System or any part thereof in a manner inconsistent with the Terms and Conditions mentioned herein, doing anything contrary to this Terms and Conditions and failing to act in accordance with the Terms and Conditions or any such directions or instructions provided by the Government.

11.8 Without prejudice to the foregoing, the Government shall not be liable, regardless of the form of action, for any damages, losses, costs, expenses, liabilities or compensation whatsoever (whether direct, indirect, special or consequential or economic loss and whether foreseeable or not) arising from or in connection with or referable to the access and/or use of e-Proc System.

11.9 The Contractor hereby agrees to indemnify and hold the Government harmless against all damages, losses, costs (including legal costs), expenses and liabilities suffered or incurred by the Government arising out of or referable to any claims, suits or proceedings brought against the Government by third parties arising out of or in connection to the Contractor's and/or its Representative's access and/or use (including but not limited to unauthorized access and/or use) of e-Proc System or any part thereof.

11.12 The word "Government" in Clause 17 shall include the Government's officers/officials agents and Service Provider(s).



#### 5.1.1.18 12 Confidentiality

12.1 The Contractor shall ensure that any Message (including part thereof) from the Government is maintained in confidence and is not disclosed to any unauthorized person or used by the Contractor other than for the purposes to which the Message relates. Messages or any part thereof shall not be regarded as containing confidential information to the extent that such information is in the public domain.

#### 5.1.1.19 13 Intellectual Property Rights

13.1 The copyright in e-Proc System and the Website is owned by the Services Provider. The e-Proc System and/or the Website or any part thereof shall not be reproduced, distributed, adapted, modified, republished, displayed, broadcasted, hyperlinked, framed or transmitted in any manner or by any means or stored in an information retrieval system or "mirrored" on any other server without the Government's prior written permission.

#### 5.1.1.20 14 Applicable Law and Jurisdiction

14.1 The Terms and Conditions shall be governed by, construed and interpreted in accordance with the laws of India.

14.2 Each Party agrees to submit to the exclusive jurisdiction of the Courts in Bangalore as regards any claim or matter arising under these Terms and Conditions.

THE GOVERNMENT AND THE SERVICE PROVIDER PROVIDES THIS E-PROC SYSTEM AND RELATED SERVICES SUBJECT TO YOUR COMPLIANCE WITH THE ABOVE TERMS AND CONDITIONS. PLEASE READ AND ACKNOWLEDGE THE FOLLOWING INFORMATION CAREFULLY IN THE MANNER STATED HEREIN BELOW. YOU WILL NOT BE ALLOWED TO COMPLETE YOUR REGISTRRTION FOR USE OF THE E-PROC SYSTEM WITHOUT AGREEING TO COMPLY WITH ALL OF THE TERMS AND CONDITIONS SET FORTH ABOVE AND BY COMPLETING REGISTRATION FOR A USER NAME AND PASSWORD, YOU AGREE TO ABIDE BY ALL OF THE TERMS AND CONDITIONS SE

Canada

(a) Terms and Conditions

#### **Important Notices to All Users of This Website**

To use, as a supplier, the MERX service operated by Mediagrif Interactive Technologies Inc., or one of its affiliates, you must agree to the following terms and conditions by clicking on the "**I accept**" button on the MERX Website or by signing and returning to MERX the attached Registration Form by fax or mail. In this Agreement, "We", "Us", "Our" and "You" means any person or other entity applying to register with the MERX Service as a Supplier or submitting an "Order Basket" which contains one or more Bid Components on a one time basis.

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### **Important Notices to all users of the MERX Website**

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### **1.0 - Definitions**

1.1 - "Bid Component" refers to a document in paper or electronic form that contains Information for a Supplier to prepare and submit a proposal to a Participating Organization for an intended procurement. A Bid Component can also refer to Plans (blueprints) or physical items such as videotapes, computer CDs, or samples of goods.

1.2 - "Information" refers to all of the information, software and other material provided in connection with or available through the MERX Service, including the procurement



information, Opportunity Notices and Bid Components that Participating Organizations distribute through the MERX Service.

1.3 - "MERX" refers to Mediagrif Interactive Technologies Inc., or one of its affiliates, operating the MERX Service.

1.4 - "MERX Service" refers to the electronic commerce service owned and operated by MERX, which serves as the Electronic Tendering System for Participating Organizations to support the distribution of Information regarding the procurement of goods and services for both public and private organizations.

1.5 - "Opportunity Notice" refers to a summary in paper or electronic form of the information relating to an intended procurement.

1.6 - "Participating Organization" refers to the Government of Canada or a provincial government or a MASH Sector entity (municipality, municipal organization, school board or publicly funded academic, health or social services entity) or any other public or private organization that has licensed MERX to advertise and distribute procurement information.

1.7 - "Supplier" refers to an individual or entity that has ordered one or more Bid Components from the MERX Service and/or is registered with the MERX Service as a Supplier.

1.8 - "Order Basket" refers to a collection of orders for one or more MERX Bid Components. Upon the submission of the Order Basket, the content of the basket is complete.

1.9 - "Non Subscriber Order" refers to a one-time Order Basket that has been submitted by an individual or entity that is not a registered MERX Supplier.

1.10 - "Electronic Signature" refers to a Personal Identification Number (PIN) that is used to facilitate electronic signatures for the purpose of submitting a response to the Participating Organization for an Opportunity Notice.

## **2.0 - Rates and Charges - Registered Suppliers**

2.1 - We agree to register with the MERX Service and acknowledge that payment of the registration fee, where applicable, is made monthly or in advance annually, as the case may be. We acknowledge that our subscription to the services shall be automatically renewed at the expiry of any subscription period for a period of time equal to the initial subscription and that applicable registration fees for any renewal shall be automatically charged or billed, as the case may be. We also recognize that all payments are not refundable. There is no registration fee for basic access to Government of Canada opportunities.

2.2 - We agree to pay any charges due for Bid Components not delivered via download, and all physical items that are components of a bid set that cannot otherwise be ordered via a download. We also agree to pay for delivery charges and any other charges incurred by us in accordance with the current MERX Supplier price list. The current MERX Supplier [price list](#) is attached.



2.3 - We agree to pay any charges related to MERX Value Added Services (such as having amendments delivered automatically) as established from time to time in the MERX Supplier price list.

2.4 - MERX is authorized to charge our valid American Express, MasterCard or VISA credit card for all charges when due.

2.5 - Interest on overdue accounts is charged at 1 1/2% per month, equal to 18% per annum. MERX may apply a surcharge to any payments returned by the issuing Financial Institution.

2.6- We acknowledge that MERX may terminate or suspend our use of the MERX Service for non-payment, and that such termination or suspension will include suspension of opportunity matching, notification of an opportunity amendment, the forwarding of amendments to previously ordered Bid Components, the ordering of Bid Components and other value added services. Basic Access to Government of Canada opportunities will not be affected by this.

2.7 - We agree that MERX may amend the rates and charges for the MERX Service from time to time in accordance with the criteria established with the Participating Organizations. Revised rates and charges will be reflected in the MERX Price List, a copy of which will be sent to us or available on-line.

2.8 - We agree all Submitted Orders are final. MERX is not obligated to refund or exchange for services charged herein.

### **3.0 - Rates and Charges – Non Subscriber Orders (NSO)**

3.1 - We agree to pay by valid credit card any Non Subscriber Orders (NSO) fees, fees for Bid Components not delivered via download, and all physical items that are components of a bid set that cannot otherwise be ordered via a download. We also agree to pay for delivery charges and any other charges incurred by us in accordance with the current MERX Supplier price list. The current MERX Supplier price list is attached.

3.2 - We agree to pay any charges related to MERX Value Added Services (such as having amendments delivered automatically) as established from time to time in the MERX Supplier price list.

3.3 – Upon ordering or contracting for such services, you will authorize MERX to charge your valid American Express, MasterCard or VISA credit card for all charges when due.

### **4.0 - Ownership and Use of Information**

4.1 - We acknowledge that any of the Information that we receive through the MERX Service is owned either by the Participating Organization that issued the Information or by MERX. We agree that we will not use, store, copy, or reproduce the Information, or distribute or disclose it to any third party, except for the sole purpose of having such third party assist us in evaluating an opportunity or preparing a response to an Opportunity Notice. **We agree that we will not sell, distribute publish or otherwise disseminate to any third party, or make available for the purpose of resale to any third party, any Information received from or through the use of the MERX Service without the prior written consent of MERX.**





## **5.0 - Confidentiality and Security**

5.1 - We acknowledge that MERX cannot ensure the privacy and authenticity of any information that we send or receive through the Internet, and we agree that MERX will not be responsible for any damages that we incur if we communicate confidential information to MERX over the Internet, or if MERX communicates such information to us at our request.

5.2 - We agree not to disclose our MERX Service password to any third party. We agree that we are solely responsible for all use of our password and we agree to put reasonable security procedures in place regarding its use and to notify MERX immediately of any unauthorized use.

5.3 - We agree not to disclose our MERX Service Electronic Signature to any third party. We agree that we are solely responsible for all use of our Electronic Signature and we agree to put reasonable security procedures in place regarding its use and to notify MERX immediately of any unauthorized use.

Furthermore, we agree that neither MERX nor Participating Organizations are under any obligation to confirm the actual identity or authority of any individual user of the Electronic Signature or any component thereof and have no liability for damages or harm we may incur from misuse, non-acceptance, delay or restriction in obtaining registration, submitting responses to Opportunity Notices, receiving Information or Bid Components, nor for any unavailability, malfunction, cancellation or withdrawal of online bid submission access or any portion of such service or any device associated with it.

5.4 - We acknowledge that links to other Websites through the MERX Service do not imply any endorsement or approval by MERX.

## **6.0 - Use of Internet and e-mail**

6.1 - We acknowledge that if we access the MERX Service through the Internet, we are responsible for reading and complying with any notices, warnings or disclaimers posted on the MERX Website or contained in the attached Internet Notices Page.

6.2 - We acknowledge the fact that e-mail is NOT a guaranteed delivery method and is subject to what is conventionally referred to as ANTI-SPAM filters that may impact the delivery of the e-mail to our e-mail account. We acknowledge that MERX will not be responsible for an e-mail once it has left the MERX Server unless the delivery failure is caused solely by the gross negligence of MERX.

## **7.0 - Consent - Use of Name**

7.1 - We authorize MERX to make our name available to other registered users and authorized users of the MERX Service at any time and in any format for the purpose of meeting the requirements of the MERX Service, including the publication of document request lists and the names of successful bidders, but excluding the provision of our name to other third parties for the purpose of mailing lists or any other purpose not related to the MERX Service.

## **8.0 - Change of Address**



8.1 - We agree that we are responsible for providing our current delivery or invoicing address, our fax delivery number and/or our e-mail address to MERX for the MERX Service. We will immediately notify MERX of any change of these addresses through the MERX Website, by mail, by fax on Company letterhead. We acknowledge that MERX shall bear no responsibility or liability for our failure to do so.

## **9.0 - Changes to Service and Agreement**

9.1 - We acknowledge that, from time to time, and at its discretion, MERX may amend the provisions of the MERX Service, including pricing or any of the terms and conditions of this Agreement. MERX will provide us with sixty (60) days notice of any such changes in writing or on-line through the MERX Service.

## **10.0 - Termination**

10.1 - We acknowledge that MERX may terminate this Agreement with us and suspend our use of the MERX Service at any time and for any reason, including where we fail to pay the registration fee or any other charges incurred by us.

10.2 - We may immediately terminate this Agreement with MERX upon providing written or electronic notice to MERX. Where an electronic notice will be provided by us to MERX to terminate this Agreement, we agree to comply with all reasonable procedures established by MERX in providing such electronic notice (as such procedures may be amended from time to time at MERX's sole discretion) and which procedures shall be made available to us through the MERX Service. Where a written notice will be provided by us to MERX to terminate this Agreement, we agree to comply with all reasonable procedures established by MERX to provide such written notice (as such procedures may be amended from time to time at MERX's sole discretion), which procedures shall be made available to us through MERX Service, upon termination, we acknowledge our password and access to the MERX Service will be terminated and we will no longer receive Bid Documents (including any notification of amendments that may be issued to Bid Components previously ordered by us) unless otherwise requested by us, in accordance with the termination procedures established by MERX (as they may be amended from time to time at MERX's sole discretion). Termination of this Agreement will not relieve us from our obligation to make payments to MERX for any outstanding fees or other charges payable by us prior to termination for the MERX Service and our use of the MERX Website, as set out in section 10.4 below, including any fees or charges for Bid Components ordered by us (and including without limitation any amendments requested by us to such Bid Components following our termination of this Agreement) or our monthly registration fee for the MERX Service.

10.3 - On termination, we will return any Information provided to us on reasonable request by MERX.

10.4 - We will pay any outstanding fees and charges on termination, and agree those sections 4, 5 and 11 of these terms and conditions will continue in force following termination. We acknowledge that annual, or semi-annual, or quarterly, or monthly prepayments are not refundable.

## **11.0 - Liability**

We acknowledge that MERX assumes no responsibility for the availability, accuracy, completeness or timeliness of any of the Information, or for the fitness of such Information for any particular purpose.



11.1 - We acknowledge that MERX and its officers, directors, employees, agents and subcontractors will not, under any circumstances, be liable to us for damages, including direct, indirect, special or consequential damages, even if MERX has been advised of or could have foreseen such damages, arising out of our use of or reliance on the MERX Service, unless caused solely by the gross negligence of MERX. For greater certainty, such damages shall include, without limitation, damages in respect of loss of profit, loss of business revenue, failure to realize any expected savings, and any claim made against us by a third party.

11.2 - We agree that we will indemnify and hold harmless MERX and its officers, directors, employees, agents and subcontractors for any loss, damage, cost, expense, liability or claim suffered or incurred by, or made against, MERX arising out of our breach of this Agreement, or our fraud, misrepresentation, negligence or wilful misconduct in our performance or non-performance under this Agreement, but our liability in any one year under this Agreement will be limited to the value of the charges incurred by us for the MERX Service in the twelve (12) months preceding MERX's claim or demand against us.

## **12.0 - Laws of Application**

12.1 - We agree that this Agreement will be governed by the laws of Ontario and those of Canada applicable therein.

## **13.0 - Assignment**

13.1 - We agree that MERX may assign this Agreement, in whole or in part, without our consent, and we may not assign this Agreement in whole or in part.

## **14.0 - Prior Agreements**

14.1 - We agree that this Agreement supersedes any prior versions of this Agreement governing the MERX Service.

## Confidentiality and Security

MERX cannot ensure the privacy and authenticity of any information or instructions you send to us or we send to you over the Internet. MERX, including the MERX™ Service, will not be responsible for any damages you may incur if you communicate confidential information to us over the Internet, or if we communicate such information to you at your request.

## Non-responsibility

MERX is not responsible in any manner for direct, indirect, special or consequential damages, howsoever caused, arising out of use of this Website, the MERX™ Service, or the reliance on the information it contains.

## Available Only Where Permitted by Law

The products and services described in pages of Websites of MERX, including the MERX™ Service, are only offered in jurisdictions where they may be legally offered for sale or use.



## **Applicable Agreements**

All products and services of MERX, including the MERX™ Service, are subject to the terms of the applicable agreements.

### Use of Information

The information contained on this Website and pages within is not intended to provide specific legal, accounting, financial or tax advice for any individual and should not be relied upon in that regard.

### Accuracy and Changes

Facts and information provided by MERX, including the MERX™ Service, are believed to be accurate when placed on this Website. Changes may be made at any time to the material or information at this Website without prior notice.

### Software Backup

While every effort is made to ensure that all software provided at this Website is suitable for use on a wide variety of computer systems, you should take reasonable and appropriate precautions to scan for computer viruses, and ensure compatibility of the software with your specific computer system. You should also ensure that you have a complete and current backup of the information contained on your computer system prior to installing such software.

### Hyperlinks are Not Endorsements

Links to other Websites or references to products, services or publications other than those of MERX at this Website do not imply the endorsement or approval by MERX of such Websites, products, services or publications. MERX is not responsible or liable for the content presented on these links including advertising claims, endorsements or names. These Websites are not part of our Website or the MERX Service and MERX has no control over their content or availability.

### Trademarks Belonging to MERX or Other Entities

Certain names, graphics, logos, icons, designs, words, titles or phrases at this Website may constitute trade names, trademarks or service marks of MERX or other entities. Trademarks may be registered in Canada and in other countries as applicable. The display of trademarks on pages at this Website does not imply that a licence of any kind has been granted. Any unauthorized downloading, re-transmission or other copying or modification of trademarks and/or the contents herein may be a violation of federal or common law, trademark and/or copyright laws and could subject the copier to legal action.

### Copyright

All Information at this site is protected under the copyright laws of Canada and in other countries. In addition, certain information may be copyrighted by others. Unless otherwise specified, no one has permission to copy, redistribute, reproduce or republish in any form, any information found at this Website. Inquiries about permission should be directed to the MERX Call Centre at 1-800-964-MERX (6379) or (613) 727-4900.



(b) Terms of Use and Privacy

Overview

The privacy practices of this statement apply to our services available under the domain and sub-domains of [www.merx.com](http://www.merx.com) and apply generally to our parent, subsidiaries and joint venture websites. By visiting this Website you agree to be bound by the terms and conditions of this Privacy Policy. If you do not agree, please to not use or access our site.

This Privacy Policy describes the information, as part of the normal operation of our services, that we collect from you and what may happen to that information. Our subsidiaries and joint venture partners operate under similar privacy practices as described in this Privacy Policy and, subject to the requirements of applicable law, we strive to provide a consistent set of privacy practices throughout our global MERX User community.

By accepting the Privacy Policy and User Agreement in registration, you expressly consent to our use and disclosure of your personal information in accordance with this Privacy Policy. This Privacy Policy is incorporated into and subject to the MERX Terms & Conditions. This Privacy Policy is effective upon acceptance in registration for new registering users, and is otherwise effective on June 1st, 2004 for all users.

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## **1. Information We Collect.**

Our primary purpose in collecting personal information from you is to provide you with a safe, smooth, efficient, and customized experience. This allows us to provide services and features that will meet your needs, and to customize our service to make your experience safer and easier. We only collect personal information about you that we consider necessary for achieving this purpose.

In general, you can browse MERX without telling us who you are or revealing any personal information about yourself. Once you give us your personal information, you are not anonymous to us. If you choose to use our Site, we may require you to provide contact and identity information, billing information, shipping information and other personal information as indicated on the forms throughout MERX. Where possible, we indicate which fields are required and which fields are optional. You always have the option to not provide information by choosing not to use a particular service or feature.

Under some circumstances, we may require some additional financial information, such as but not limited to credit card information. We use your financial information, including credit card information, to verify the accuracy of your name, address, and other information, as well as to bill you for your use of our services.

We automatically track certain information about you based upon your behaviour on our Site. We use this information to do internal research on our users' demographics, interests, and behaviour to better understand, protect and serve you and our community. This information may include the URL that you just came from (whether this URL is on our Site or not), which URL you next go to (whether this URL is on our Site or not), your computer browser information, and your IP address.

We currently use cookies on our Website to check your language preference and to maintain session information, including identification of users and preparation of customized Web Pages. We do not save information across visits; we only use cookies to maintain session information during one unique visit.

Web Browsers set aside a small amount of space on your hard drive to keep these preferences, then every time you visit a Website your browser checks to see if you have any predefined preferences (cookies) for that server. If you do, it sends the cookie to the server along with the request for a web page. Your browser will not give up its cookie data to any server except the one that set it.

If you establish a credit account with us to pay the fees we charge, we collect some additional information, such as: a billing address, credit card number and credit card expiration date and tracking information from cheques or money orders.

If you send us personal correspondence, such as e-mails or letters, we may collect such information into a file specific to you.

## **2. Our Use of Your Information.**

We use your personal information to facilitate the services you request. We use personal information in the file we maintain about you, and other information we obtain from your current and past activities on MERX to: resolve disputes; troubleshoot problems; bill your account; inform you about online and offline offers, products, services, and updates; customize your experience; detect and protect us against error, fraud and other criminal activity; enforce our User Agreement; and as otherwise described to you at the time of



collection, use or disclosure. At times we look across multiple users to identify problems or resolve disputes, and in particular we may examine your personal information to identify users using multiple User IDs, Authorized Signature PIN #s (electronic signature) or aliases. We may compare and review your personal information for errors, omissions and for accuracy.

If you choose to open a Credit account, or otherwise provide us your financial information, we use your address and financial information to bill you and provide associated support.

You agree that we may use personal information about you to improve our marketing and promotional efforts, to analyse MERX usage, to improve our content and product offerings, and to customize MERX content, layout, and services. These uses improve MERX and better tailor it to meet your needs, so as to provide you with a smooth, efficient, safe and customized experience while using MERX.

You agree that we may also use your personal information to contact you and deliver information to you that, in some cases, are targeted to your interests, administrative notices, product offerings, and communications relevant to your use of MERX. By accepting the User Agreement and Privacy Policy, you expressly agree to receive this information. You may make changes to your notification preferences at any time.

### **3. Our Disclosure of Your Information.**

As a matter of policy, we do not sell or rent any of your personal information to third parties for their marketing purposes.

**External Service Providers.** There are a number of separate services offered by third parties that we refer to as external service providers that may be complimentary to your use of MERX (e.g., MERX Enhanced and Value Added Service Providers). If you choose to use these separate services, disclose information to the external service providers, and/or grant them permission to collect information about you, then their use of your information is governed by their privacy policy. We do not disclose your personal information to external service providers unless you provide your explicit consent. With your consent we may provide some of your personal information to the external service provider offering such services, for your convenience. To prevent our disclosure of your personal information to an external service provider, you can decline such consent or simply not use their services. Because we do not control the privacy practices of these third parties, you should evaluate their practices before deciding to use their services.

**Internal Service Providers for Our Operations.** We may use third parties that we refer to as internal service providers to facilitate or outsource one or more aspects of the business, product and service operations that we provide to you (e.g. couriers, Canada Post, and bill collection) and therefore we may provide some of your personal information directly to these internal service providers. These internal service providers are subject to confidentiality agreements with us and other legal restrictions that prohibit their use of the personal information we provide them for any other purpose except to facilitate the specific outsourced MERX related operation.

**Other Corporate Entities.** We may share our data, including personal information about you, with our subsidiaries and joint ventures or potential partners or assignors. To the extent that these entities may have access to your information, they will treat it at least as protectively as they treat information they obtain from their other users. Our subsidiaries, joint ventures, potential partners or assignors shall follow privacy practices no less



protective of all users than our practices described in this document, to the extent allowed by applicable law.

**Legal Requests.** MERX cooperates with law enforcement inquires, as well as other third parties to enforce laws such as: intellectual property rights, fraud and other rights, to help protect you and the MERX community from bad actors. Therefore, in response to a verified request by law enforcement or other government officials relating to a criminal investigation or alleged illegal activity, we can (and you authorized us to) disclose your name, city, province, telephone number, e-mail address, UserID history, and order history without a subpoena. However, in an effort to balance your right to privacy and the ability to keep the community free from bad actors, we will not disclose additional information to law enforcement or other government officials without a subpoena, court order or substantially similar legal procedure, except when the additional disclosure of information is necessary to prevent imminent physical harm or financial loss.

#### **4. Your Use of Other Users' Information.**

In order to facilitate interaction among all of the MERX User community members, MERX provides you, via a Document Request List, with limited access other users' contact and shipping information. As a subscriber you have access to this list as well as to any contact information provided by a jurisdiction in an Award Notice.

By entering into our User Agreement, you agree that, with respect to other user's personal information that you obtain through MERX or through a MERX-related communication or MERX-facilitated transaction, MERX hereby grants to you a license to use such information only for: (a) MERX-related communications that are not unsolicited commercial messages, and (b) any other purpose that such a user expressly agrees to, after you tell them the purpose you would like to use it for. In all cases, you must give users an opportunity to remove themselves from your database and a chance to review what information you have collected about them. In addition, under no circumstances, except as defined in this Section, can you disclose personal information about another user to any third party without our consent and the consent of that user. You agree that other users may use your personal information to communicate with you in accordance with this Section.

MERX and our users do not tolerate spam. Therefore, without limiting the foregoing, you are not licensed to add a MERX user to your mail list (e-mail or physical mail) without their express consent.

#### **5. Control of Your Password.**

You are responsible for all actions taken with your User ID and password, including fees charged to your account. Therefore, we do not recommend that you disclose your MERX password to any third parties. If you choose to share your User ID and password or your personal information with third parties, you are responsible for all actions taken with your account and therefore you should review that third party's privacy policy before doing so. If you lose control of your password, you may lose substantial control over your personal information and may be subject to legally binding actions taken on your behalf. Therefore, if your password has been compromised for any reason, you should immediately change your password as detailed in Section 6.





## **6. Accessing, Reviewing and Changing Your Personal Information.**

We offer you the ability to automatically review and change the personal information you submit to us by logging into MERX and entering the new information yourself. Generally, we prefer not to modify your personal information based upon your request but it is possible to do so. You can change your password, e-mail address, contact information, financial information, shipping information and user preferences by going to Customer Profile and selecting the Update button. You must promptly update your information if it changes or is inaccurate. The change of information will not alter the historical information captured in the Document Request List. Only orders made after this change will be affected.

Subscribers, who have opted for a monthly subscription as opposed to an annual, semi-annual or quarterly subscription, may cancel their subscription on-line or upon written request. We will deactivate your account, contact information, billing information, shipping information and financial information from our active databases. To make this request, please contact us at [merx@merx.com](mailto:merx@merx.com) or call our MERX Call Centre at 1-800-964-MERX (6379) or (613) 727-4900

We will retain in our files some personal information you have requested us to remove in order to prevent fraud, collect any fees owed, resolve disputes, troubleshoot problems, assist with any investigations, enforce our User Agreement and comply with legal requirements as is permitted by law. Therefore, you should not expect that all of your personal information will be completely removed from our databases in response to your requests. However, such personal information will be deactivated from public and member viewing and will only be available to select MERX personnel.

## **7. Control of Your Authorized Signer PIN (Electronic Signature).**

You are responsible for all actions taken with your Authorized Signer PIN, including responses to Opportunity Notices submitted with the use of your PIN. Therefore, we do not recommend that you disclose your MERX Authorized Signer PIN to any third parties. If you choose to share your Authorized Signer PIN or your personal information with third parties, you are responsible for all actions taken with your account and therefore you should review that third party's privacy policy before doing so. If you lose control of your Authorized Signer PIN, you may lose substantial control over your personal information and may be subject to legally binding actions taken on your behalf. Therefore, if your Authorized Signer PIN has been compromised for any reason, you should immediately contact MERX to change your PIN.

## **8. Other Information Collectors.**

Except as otherwise expressly included in this Privacy Policy, this document only addresses the use and disclosure of information we collect from you. To the extent that you disclose your information to other parties, whether they are Buyers, other users of MERX or other sites throughout the Internet, different rules may apply to their use or disclosure of the personal information you disclose to them. Since MERX does not control the privacy policies of third parties, you are subject to the privacy customs and policies of that third party. We encourage you to ask questions before you disclose your personal information to others.



**9. Security.**

Your information is stored and processed on computers located in Canada. MERX uses procedural and technical safeguards to protect your personal information against loss or theft, as well as against unauthorized access or disclosure, to protect your privacy, including firewalls and encryption. We employ many different security techniques to protect such data from unauthorized access by users inside and outside the company. However, "perfect security" does not exist on the Internet.

**10. Notice.**

We may amend this Privacy Policy at any time by posting the amended terms on the MERX system. All amended terms shall automatically be effective 30 days after they are initially posted on MERX.

(c) MERX Pricing

MERX Canadian Public Tenders offers many benefits for registered Subscribers. As a subscriber you have the ability to search for more than 1,500 open opportunities (contracts) posted, and download the tenders (documents supporting the opportunities) anytime, any day and anywhere. If you prefer to receive your tenders and amendments by e-mail, fax, courier, pick-up or regular mail, MERX also offers Enhanced Services with alternate delivery options to better serve you. MERX Subscribers can also access our unique Opportunity Matching feature in addition to awarded opportunities, former opportunities and international opportunities.

To meet your individual needs & budget, MERX Canadian Public Tenders offers two subscription packages. Each package provides the option to customize and/or upgrade with a number of Value-Added and Enhanced Services.

To view which offer best suits your needs, please see the information below. *Pricing does not include applicable taxes.*

**BASIC TENDERS SUBSCRIPTION**

Basic Tenders Subscription	Subscription Fee
Free access to Government of Canada (GC) tender documents	\$0/month for GC tenders <sup>1</sup>
Pay an "Out of Jurisdiction Fee" to access non-federal tender documents	\$39.95/order basket for all other Canadian and Public-sector tenders

<sup>1</sup> Based on the Government of Canada's decision to eliminate fees for basic access to its opportunities as of April 1, 2005.

The Basic Tenders Subscription package includes the following features and benefits:

- Access to all Open Opportunity Notices of Canadian public-sector buying organizations
- Access to all Former Opportunities and Award Notices of Canadian public-sector buying organizations
- Access to International Opportunities and Government Business Opportunities (GBO)



- Access to GC tender documents only. Pay an "Out of Jurisdiction Fee" to access non-federal tender documents.
- Access to the Document Request List (GC Opportunities only)
- Unlimited preview and download of GC tender documents
- Free Notification of Amendments
- One free Opportunity Matching profile
- Free delivery of Opportunity Matching results (e-mail, fax or online)

#### COMPLETE CANADIAN PUBLIC TENDERS SUBSCRIPTION

Choosing the Complete Canadian Public Tenders Subscription package gives you total access to all public-sector tenders published online on MERX Canadian Public Tenders for a low fixed monthly fee. Our rate also includes all of the Basic Tenders Subscription benefits, as well as free Automatic Delivery of Amendments.

	Complete Canadian Public Tenders Subscription	Subscription Fee
Public sector	Full access to all Canadian Open Opportunities	\$16.95/month or pre-pay \$203.40/year

The Complete Canadian Public Tenders Subscription package includes the following features and benefits:

- **Full access** to all **Open Opportunities** of Canadian public-sector buying organizations
- Access to all Former Opportunities and Award Notices of Canadian public-sector buying organizations
- Access to International Opportunities and Government Business Opportunities (GBO)
- Access to tender documents from ALL jurisdictions/regions (Federal, Provincial and Municipal)
- Access to ALL Document Request Lists (Canadian Opportunities only)
- **Unlimited preview and download** of ALL **tender documents**
- **Free** Notification of Amendments
- **Free** Automatic Delivery of Amendments
- One **free** Opportunity Matching profile
- **Free** delivery of Opportunity Matching results (e-mail, fax or online)
- **Low fixed monthly fee**



### Value-Added Services

To better serve you, the Canadian Public Tenders service offers optional Value-Added Services:

Service	Price
Automatic Delivery of Amendments	\$4.95/month - With Basic Tenders subscription  \$0 - included in Complete Canadian Public Tenders subscription  (Does not include applicable fixed order fees; see Enhanced Services for a breakdown of prices)
Additional Opportunity Matching Profiles	\$1.95/month for up to 3 profiles, \$2.95/month for up to 9 profiles

### Enhanced Services

The Canadian Public Tenders service offers Enhanced Services that offer alternate order and delivery options of documents for all our service packages:

Service	Price
Fixed fax and e-mail order	\$1.95/opportunity \$0.08/page
Fixed hard copy order  (Regardless of the number of components in that one opportunity)	\$4.95 \$4.95/additional set  (Plus the duplication charge)
Fixed paper duplication charge	\$0.08/page
Fixed CD and DVD duplication charge	\$5.00
Fixed per blueprint duplication charge	\$0.15/square foot \$4.95/additional set  (Plus the duplication charge per additional set)
Delivery of documents, physical items and other media	FREE for pick-up \$7.95 for courier \$2.50 for mail  (Does not include U.S. or International destinations)
Delivery of blueprints	FREE for pick-up \$21.00 for courier \$15.00 for mail  (Does not include U.S. or International destinations)

Please note: If components are physical items (CD Rom, diskette, etc) and cannot be delivered via download, a flat fee of \$4.95 will be applied per opportunity ordered plus delivery fees. These fees do not apply to Government of Canada opportunities.



## Philippines

### Terms and Conditions

To use the Philippine Government Electronic Procurement System as a Supplier, you must agree to the following Terms and Conditions by clicking the "I accept" button. By submitting your registration information, you indicate that you agree to the Terms and Conditions and have read and understand all the provisions included. Your submission of this form will constitute your consent to the collection and use of this information for processing and storage by PS-DBM. You also agree to receive required administrative and legal notices such as this electronically.

#### 1. Definitions

1. "Associated Component" means a document in paper or electronic form that contains bid information for a Supplier to prepare and submit a proposal to a government agency for an intended procurement. A Component can also refer to Plans (blueprints) or physical items such as video tapes, computer CD's, or samples of goods.
2. "Information" means all of the information, software and other materials provided in connection with or available through the Philippine Government Electronic Procurement System, including the procurement information, Bid Notices and Associated Components that government agencies distribute through the Philippine Government Electronic Procurement System.
3. "Philippine Government Electronic Procurement System" means the electronic commerce service owned and operated by Procurement Service - Department of Budget and Management, which serves as the central portal for all procurement information and activities of the Government of the Philippines. The PHILGEPS supports the distribution of this information about the procurement requirement for goods and general support services, civil works or infrastructure projects and consulting services.
4. "Opportunity Notice" means a summary in paper or electronic form of the information relating to an intended procurement.
5. "Government Agency" means the Government of the Philippines or any other public organization that has licensed the Procurement Service-Department of Budget and Management to advertise and distribute its procurement information.
6. "Supplier" means an individual or entity that has ordered one or more Bid Components from and is registered with the Government Electronic Procurement System.
7. "Order Basket" refers to a collection of orders for one or more PHILGEPS' Associated Components. Upon the submission of the Order Basket, the content of the basket is complete.

#### 2. Ownership and Use of Information

1. We acknowledge that any Information that we receive through the Philippine Government Electronic Procurement System is owned either by the government agency that issued the Information or by PS-DBM. We agree that we will not use, store, copy, or reproduce the Information, or distribute or disclose it to any third party, except for the sole purpose of having such third party assist us in evaluating an opportunity or preparing a response to an opportunity. We agree that we will not sell to any third party, or make available for the purpose of resale to any third party, any Information received from the Philippine Government Electronic Procurement System without the prior written consent of PS-DBM.



### 3. Confidentiality and Security

1. We acknowledge that PS-DBM cannot ensure the privacy and authenticity of any information that we send or receive through the Internet, and we agree that PS-DBM will not be responsible for any damage/s that we incur if we communicate confidential information to PS-DBM over the Internet, or if PS-DBM communicates such information to us at our request.
2. We agree not to disclose our Philippine Government Electronic Procurement System password to any third party. We agree that we are solely responsible for all use of our password and we agree to put reasonable security procedures in place regarding its use and to notify PS-DBM immediately of any unauthorized use.
3. We acknowledge that links to other Websites through the Philippine Government Electronic Procurement System do not imply any endorsement or approval by PS-DBM.

### 4. Use of Internet

1. We acknowledge that if we access the Philippine Government Electronic Procurement System through the Internet or other online access methods, we are Responsible for reading and complying with any notice/s, warning/s or disclaimer/s posted on the Procurement Service - Department of Budget and Management or contained in the attached Internet Notices Page.

### 5. Consent - Use of Name

1. We authorize PS-DBM to make our name available to other registered users and authorized users of the Philippine Government Electronic Procurement System at any time and in any format for the purpose of meeting the requirements of the Philippine Government Electronic Procurement System, including the publication of document request lists and the names of successful bidders, but excluding the provision of our name to other third parties for the purpose of mailing lists or any other purpose not related to the Philippine Government Electronic Procurement System.

### 6. Change of Address

1. We agree that we are responsible for providing our current delivery or invoicing address, our fax delivery number or our e-mail address to PS-DBM for the Philippine Government Electronic Procurement System. We will notify PS-DBM immediately of any change of these addresses, by mail, by fax or by telephone.

### 7. Changes to Service and Agreement

1. We acknowledge that, from time to time, and at its discretion, PS-DBM may amend the features of the Philippine Government Electronic Procurement System, including the terms and conditions or pricing of this Agreement. PS-DBM will provide us with a sixty-(60) days' notice of any changes to the terms and conditions in writing or on-line through the Philippine Government Electronic Procurement System.

### 8. Termination

1. We acknowledge that PS-DBM may terminate this Agreement with us and suspend our use of the Philippine Government Electronic Procurement System at any time and for any reason.
2. We may terminate this Agreement as of the last day of any month by giving PS-DBM at least thirty (30) days prior written notice.
3. On termination, we will return any Information provided to us on reasonable request by PS-DBM.



## 9. Liability

1. We acknowledge that PS-DBM assumes no responsibility for the availability, accuracy, completeness or timeliness of any of the Information, or for the fitness of such Information for any particular purpose.
2. We acknowledge that PS-DBM and its officers, directors, employees, agents and subcontractors will not, under any circumstances, be liable to us for damages, including direct, indirect, special or consequential damages, even if PS-DBM has been advised of or could have foreseen such damages, arising out of our use of or reliance on the Philippine Government Electronic Procurement System. For greater certainty, such damages shall include, without limitation, damages in respect of loss of profit, loss of business revenue, failure to realize any expected savings, and any claim made against us by a third party.
3. We agree that we will indemnify and hold harmless PS-DBM and its officers, directors, employees, agents and subcontractors for any loss, damage, cost, expense, liability or claim suffered or incurred by, or made against PS-DBM arising out of our breach of this Agreement, or our fraud, misrepresentation, negligence or wilful misconduct in our performance or non-performance under this Agreement, but our liability in any one year under this Agreement will be limited to the value of the charges incurred by us for the Philippine Government Electronic Procurement System in the twelve (12) months preceding PS-DBM's claim or demand against us.

## 10. Laws of Application

1. We agree that this Agreement will be governed by the laws of the Government of the Philippines.

## 11. Assignment

1. We agree that PS-DBM may assign this Agreement, in whole or in part, without our consent, and we may not assign this Agreement in whole or in part.

## 12. Prior Agreements

1. We agree that this Supplier Agreement supersedes any prior versions of the Supplier Agreement governing the Philippine Government Electronic Procurement System.

## IMPORTANT NOTICE TO ALL USERS:

### Confidentiality and Security

The Procurement Service Department of Budget and Management cannot ensure the privacy and authenticity of any information or instructions you send to us or we send to you over the Internet. PS-DBM will not be responsible for any damages you may incur if you communicate confidential information to us over the Internet, or if we communicate such information to you at your request.

### Non-Responsibility

Procurement Service - Department of Budget and Management is not responsible in any manner for direct, indirect, special or consequential damages, howsoever caused, arising out of use of this website, or the reliance on the information it contains.

### Available Only Where Permitted by Law

The products and services described in pages of Website of Procurement Service- Department of Budget and Management, including the Philippine Government Electronic Procurement System, only offered in jurisdictions where they may be legally offered.

### Applicable Agreements



All products and services of the Procurement Service - Department of Budget and Management, including the Philippine Government Electronic Procurement System, are subject to the terms of the applicable agreements.

### **Use of Information**

The information contained in this Website is not intended to provide specific legal, accounting, financial or tax advice for any individual and should not be relied upon in that regard.

### **Accuracy and Changes**

Facts and information provided by the Procurement Service - Department of Budget and Management, including the Philippine Government Electronic Procurement System, are believed to be accurate when placed on the Website. Changes may be made at any time to the information at this Website without prior notice.

### **Software and Backup**

While every effort is made to ensure that all software provided in this Website is suitable for use on a wide variety of computer systems, you should take reasonable and appropriate precautions to scan for computer viruses, and ensure compatibility of the software with your specific computer system. You should also ensure that you have a complete and current backup of the information contained on your computer system prior to installing such software.

### **Hyperlinks are Not Endorsements**

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